



EUROPEAN NEWS

EC in fierce attack on UK over pollution

BY WILLIAM DAWKINS IN BRUSSELS

THE BRITISH Government was fiercely criticised yesterday by its European Community partners for continuing to block long delayed moves to cut air and water pollution.

plating and chloroform, widely used to sterilise tapwater. Again the UK provided the main obstacle, though Denmark and Spain also have problems with the water proposals.

deadlock," said an angry Mr Stanley Clinton Davis, European Commissioner for the environment. The UK's opposition was "quite extraordinary at a time when everyone recognises the damage caused by power station emissions," he said.

Belgium coalition talks may end soon

By David Duchas in Brussels

MR Jean-Luc Dehaene, appointed in January to try to arrange a new coalition government for Belgium, was yesterday asked by King Baudouin to bring his two months of negotiations to a head by the end of this week.

Poland may use special powers to back reforms

BY CHRISTOPHER SOBINSKI IN WARSAW

POLAND is considering the introduction of special powers aimed at countering bureaucratic resistance to economic reforms as well as curbing inflation.



General Jaruzelski trying to counter bureaucratic resistance

The general criticised the west for "continuing to impose conditions" while failing to provide fresh loans to Poland. This had "gone on long enough," he said.

Car sales forecast to decline in Europe

By Kevin Doss, Motor Industry Correspondent

EUROPEAN new car sales are only expected to fall marginally in 1988 from last year's record level of 12.3 million according to a worldwide automotive forecast by Data Resources (DRI).

W German parties play down poll upset

BY DAVID GOODHART IN BONN

EACH of West Germany's four main national political parties yesterday sought to explain away their reduced percentage of seats in the state parliament and their loss in the latest state election in Baden-Wuerttemberg.

won 9.8 per cent of the vote in the late 1980s. But there is not yet much anxiety about a repeat. Mr Helmut Kohl, the Chancellor and leader of the CDU, contested the widespread assumption that Mr Lothar Spaeth, the CDU's prime minister in Baden-Wuerttemberg, only held onto an absolute majority because he successfully dissociated himself from the Bonn Government.

done particularly badly in the towns - unlike the CDU which suffered in the country - and among workers in the new technology industries, the SPD's economic revisionism may feel justified in pressing ahead.

European sales are forecast to decline next year by around 4.7 per cent to some 11.5 million cars before slowly recovering in the early 1990s to reach around 12.5 million.

Japan share of EC van market will grow

BY JOHN GRIFFITHS

JAPAN will continue to increase its penetration of Western Europe's light commercial vehicle markets despite the strengthening yen, according to a study by the Economist Intelligence Unit.

between Japanese and European manufacturers are likely to be concentrated in the next few years in addition to those put in place over the past several years "as European companies seek to acquire technology more cheaply than through internal investment."

rising to 15,000 a year; Daimler-Benz is to build Mitsubishi's 2.5 litre L300 van range in Spain. Few details of the arrangement have been given but, according to the EIU study, it could lead to collaboration on a replacement for Daimler-Benz's own T1 medium van range up to 3.5 tonnes in the early 1990s.

France and W Germany hail better monetary ties

BY DAVID MARSH IN BONN

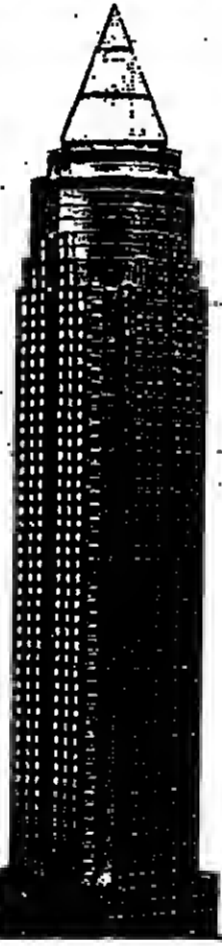
THE WEST GERMAN and French finance ministers last night praised improved monetary co-operation between their two countries in the wake of last October's stock market crash.

Europe's tallest building to be built in Frankfurt

BY ANDREW FISHER IN FRANKFURT

EUROPE'S tallest building, looking somewhat like a giant glass pencil, is to be built in Frankfurt as the result of a deal struck yesterday between a US bank, a US property developer, and the city authorities.

the Beijing American Express Center in China. Mr Jerry Speyer, president of Citibank, said the project offered "excellent chances for business, as demand for office space in Frankfurt is well below supply."



Apple sets up Paris computer research centre

By Alan Cane

APPLE, the US-based personal computer manufacturer, yesterday announced its commitment to Europe as a major market for its products by announcing at a London conference that it had established a research and development centre in Paris, its first outside the US.

Pravda takes hard line on Armenian demands

BY LESLIE COLTIT IN MOSCOW

THE SOVIET Communist Party newspaper Pravda strongly indicated yesterday that Moscow would not give in to demands that the riot-torn enclave of Nagorno-Karabakh be reunited with Armenia.

Moscow 'plans' to ask for listing on Helsinki bourse

BY OLLI VIRTANEN IN HELSINKI

MOSCOW plans to seek listing for a number of Soviet companies on the Helsinki Stock Exchange, according to a high-ranking Soviet official based in Finland.

potential candidates include companies which export Soviet cars, heavy machinery, petrochemical products and tractors to Finland.

The listing plan, are included in new documents on Soviet foreign trade, Mr Safranov said in an interview with the Finnish business newspaper *Kansalahti*. Mr Safranov is the Helsinki representative of the newly-upgraded Soviet Ministry for Foreign Trade.

Tom Burns previews this week's polls, which could elect opposition leader José Bossano as Chief Minister

Election winds take Gibraltar into uncharted waters

THERE IS a feeling that Gibraltar is entering uncharted waters with this Thursday's parliamentary election. The polls will be the first in which Sir Joshua Hassan, the post-war architect of the rock's constitutional development, is not standing, and the first in more than 20 years held with an open frontier and unrestricted access to Spain.

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Tom Burns previews this week's polls, which could elect opposition leader José Bossano as Chief Minister. Election winds take Gibraltar into uncharted waters.

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Vertical advertisement on the right edge of the page, partially cut off.

# Pretoria's curbs fail to stop mass work stoppage

BY ANTHONY ROBINSON IN JOHANNESBURG

THE RECENT ban on 17 black extra-parliamentary groups failed to prevent millions of black workers and students from taking part in a mass stayaway yesterday. The one-day work stoppage was called in remembrance of 29 blacks shot dead by police in Sharpeville 22 years ago and the 20 killed in the Eastern Cape township of Langa in 1985.

The stayaway, a testament to black solidarity, the effectiveness of the township bush telegraph and the continuing ability of young "comrades" to impose moral and physical sanctions on potential waverers, turned normally bustling "white" Johannesburg into a backwater.

The stayaway was also strong in the Eastern Cape, especially in Uitenhage, next to the Langa township where the Volkswagen car assembly plant and the Good-year rubber company were among many local factories which closed for the day after the unions made clear last week that most workers would observe the anniversary.

The stayaway was less pronounced in Cape Town and Durban, although police reported attacks on buses and violence at Durban's Westville University, when demonstrating students tried to drag others out of a classroom.

# Palestinians urged to step up momentum of uprising

BY ANDREW WHITLEY IN JERUSALEM

A LEAFLET being circulated clandestinely yesterday in Arab East Jerusalem and parts of the occupied West Bank has stepped up the momentum of the Palestinian uprising, calling for nine consecutive days of protest starting Thursday.

Leaflet No 11 in the series issued by the so-called "Unified National Leadership of the Uprising" appeals for increasing violence against Jewish settlers and "the occupation forces". Building on the successful call on Arab policemen and tax collectors to resign, it also attempts to direct popular anger more precisely against specific targets.

Next Sunday, for example, has been designated as a day of fighting against the Israeli-appointed municipal councils in the West Bank and Gaza Strip. The following Tuesday is called "Collaborators' Repentance Day".

The tougher line being taken by the underground leadership is thought to reflect the views and tactics of the more radical, Damascus-based Palestinian factions rather than the slower, consensus-building approach advocated by Mr Yassir Arafat's Fatah organisation.

Signs of a growing rift in the occupied territories between the Fatah, which has used weapons, and followers of the extremist groups are beginning to emerge, exacerbated by Sunday's killing of an Israeli soldier in Bethlehem.

The house of Mr Jack Khazmo, editor of a Palestinian weekly magazine, Al Bayader Assiyasi, associated with the mainstream Fatah viewpoint, was attacked on Sunday night with automatic weapons fire and molotov cocktails. Molotov cocktails were also thrown at the residence of a West Bank member of the Jordanian Parliament, in the first incident of its kind.

# Saudis confirm purchase of Chinese-made missiles

BY FINN BARRIE IN RIYADH

SAUDI ARABIA has confirmed that it has purchased, but not yet deployed, an undisclosed number of nuclear-capable intermediate range ballistic missiles from China.

The CSS-2, Dong Feng or East Wind missile, has a range of 1,800 miles, which puts Tel Aviv, Tehran, Aden, Addis Ababa, Cairo, and parts of the Soviet Union within striking range from the kingdom. The 70 or more CSS-2 missiles deployed by the People's Republic of China normally carry a two- to three-megaton warhead.

Saudi Arabia denied that its missiles were nuclear-armed. "There is no way that the Chinese will sell them nukes of that size," one diplomat commented. The CSS-2 is relatively inaccurate, guaranteeing a hit only within two kilometres of target.

"The Saudis have always had the worry about what to do if say, their oil facilities were hit by an Iranian missile," one diplomat said. "Do they respond with a massive airstrike? With this weapon, they could fire back a missile without risking their manpower."

Riyadh has not disclosed the missile's cost. Oil barter with an earlier sale of 300,000 tons of Saudi wheat, has been suggested as a way to pay for them.

The missile base, being built near an airbase 60 miles south of Riyadh near al-Kharj, may end up causing more problems for the Saudis than it solves. Israel will use the missile purchase to oppose US Administration attempts to sell arms to Riyadh.

● Syria warned Israel on Monday it would consider any attack against Saudi Arabia an attack against itself, AP writes from Damascus.

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Business representatives from France and other European countries are cordially welcome to visit our hall from April 2nd to 11th and inquire trade opportunities.

# Washington meeting the key to Afghan negotiations

Robin Pauley on talks in which breakthroughs match breakdowns

THE FUTURE OF the deadlocked Geneva talks on the Soviet withdrawal from Afghanistan now lies with Mr George Shultz, the US Secretary of State, and Mr Edward Shevardnadze, his Soviet counterpart.

They meet in Washington today and tomorrow and unless they can reach a compromise to resume the talks, Mr Diego Cordovez, the UN mediator who lost control of the Geneva negotiations in the middle of last week, may have no alternative but to adjourn them.

The talks in Geneva have lasted, on and off, for five and a half years. They are a peculiar and abstract form of international diplomacy. Breakthroughs accompany breakdowns. Meetings are held at which the negotiating parties do not meet; neither of the major battlefield players in the Afghanistan war, the Soviet Union and the Afghan resistance mujahideen, takes part (officially). It is easy to forget as tactical games are played out in the Palais des Nations that the subject in dispute is a war in which more than 1m people have been killed and nearly half a country's population has been displaced.

The talks are between the Soviet-backed Kabul Government, which controls only an estimated 20 per cent of Afghanistan, and Pakistan, host to 3.2m of the 8m Afghan war refugees. (Most of the rest are in Iran).

Pakistan does not recognise the legitimacy of the Kabul regime and refuses to meet its representatives face to face. So the talks are indirect "proximity" meetings with Mr Cordovez shuttling between the two sides.

The talks, which resumed on March 2, were set up to try to agree on a timetable and method of withdrawal of the 115,000 Soviet troops which have occupied Afghanistan since December 1979. There was an early breakthrough on March 5 when the last remaining timetable problem was resolved. The Afghans agreed that the withdrawal would be completed within nine months and that 50 per cent of the Soviet troops would leave in the first three months.

It is the nature of these sorts of proximity talks with the major parties not negotiating but pulling myriad strings behind the scenes that breakthroughs can be quickly followed by breakdowns. So, the Pakistanis do not want to sign the withdrawal agreement unless there is some concrete commitment to the early formation of a broad-based coalition interim government, without which it fears the refugees will not go home because Afghanistan will be engulfed in civil war.

The US, principal supplier of arms to the mujahideen, wants an arrangement under which the cessation of US military aid to the mujahideen is accompanied by a symmetrical cessation of Soviet aid to the Kabul government. The Soviet Union argues



Hekmatyar, rebel leader to fight on even with agreement signed

that it would be an unacceptable precedent to force it to suspend aid to another sovereign state.

The US has tried with limited success to convince Pakistan that symmetrical cessation of aid is the key and that once the aid stops the Kabul regime will wither away leading to the formation of a broader based government of the type envisaged by the Pakistanis.

Pakistan is less than convinced but has moved closer to the US position and Mr Zain Noorani, deputy foreign minister, included the issue of "symmetry" in his comments for the first time last Wednesday.

Mr Noorani used a form of words which may turn out to be the sort of solution found today or tomorrow by Mr Shultz and Mr Shevardnadze. "The obligation to refrain from interference and intervention includes the obligation to refrain from supplying arms and equipment for the purpose of creating disorder or unrest inside a state. It would be inconsistent with this principle if one of the groups or factions inside Afghanistan continued to receive foreign arms and the other precluded from receiving supplies."

If Mr Shevardnadze is willing to accept that President Najibullah's regime in Kabul is a "group or faction" - and a minority one at that - a form of words on symmetry will be possible. The US will then be able to present its arguments more forcefully to persuade Pakistan to cool down on the interim government.

Until last week it looked as if this sort of solution would mean that this round would be the last in the Geneva process, in spite of the shifting positions of Pakistan and the US and increasing evidence that Mr Cordovez had recalled the parties to Geneva without doing enough preparatory investigation himself into the sort of new obstacles which could arise in the end-game of a negotiation nearly as long and bitter as the war itself.

But two other developments now need careful scrutiny to see how far they can be influenced by the US and the Soviet Union. One is the increasingly unpredictable behaviour of the Afghan government which behaves less like a Soviet-controlled puppet and more like a party whose political and possibly physical existence is threatened.

This cannot be resolved in Washington and unless Mr Abdul Wakil, the Afghan Foreign Minister, can be persuaded to drop it he could wreck the Geneva talks in spite of any Shultz-Shevardnadze solutions. The US regards

it as potentially much more serious a difficulty than either symmetry or the interim government if it has been raised seriously rather than tactically.

The other problem is whether the US can bring the mujahideen to a compromise. They reject the Geneva process, argue and fight among themselves, and are uncompromising in their demands for a fundamentalist Islamic state excluding all communists. In an extraordinary debate last week the leadership of the alliance of the seven main groups based in Peshawar was changed. The new head, Mr Gulbuddin Hekmatyar, one of the most extreme leaders, has since vowed to fight on whether or not a Geneva agreement is signed, raising the possibility of the Soviets being attacked and killed as they make the difficult retreat through the northern passes.

During the past three weeks there has been little fighting to speak of within Afghanistan as the two battlefield sides devoted their energies to distributing, stockpiling and hiding war supplies which the US and Soviet Union have stepped up to unprecedented levels in the certain knowledge that they will be needed irrespective of the outcome of the Geneva breakthrough-breakdown talks.

# Business flocks to Osaka god of money

By Stefan Wagstyl in Tokyo

EVERY MONTH the owner of a successful sushi bar in Osaka goes to the city's most popular shrine and gives thanks to the god of money.

He kneels before a statue of the god, Ebisu, while a priest chants a prayer of thanksgiving on his behalf in exchange for a ¥10,000 (\$42.90) offering.

Japanese followers of the national religion, Shinto, see no contradiction between God and Mammon. There is in Shinto no trace of the Christian belief in the holiness of poverty. Mr Takao, chief priest at the Ebisu shrine, says: "Because wealth and property is a gift from God, you have to develop it to do God's will. In Japanese Shinto, we think highly of this approach."

This message goes down particularly well in Osaka, which is known as a "city of merchants." The Ebisu shrine is on the outskirts of the city centre. It stands in a back street overlooked by office blocks, its main entrance opposite a row of scruffy shops.

The low buildings and gravel courtyard do not compare with the grander shrines of Osaka. But the Ebisu shrine has become famous throughout Japan for its liberal favours to businessmen.

Mr Takao, dressed like a banker in a dark suit and silver tie, says 70 per cent of the prayers offered at his shrine are to do with money. Most of them are for financial help, but people also pray for help when they run into financial trouble. The remaining 30 per cent of prayers are offered in other intentions - for health, for family and for divine assistance in exams.

Competition also call on the priests' services. A clothing maker recently asked Mr Takao to come to his office to bless a new computer system. "You might find it rather odd that people do this. But it's very traditional to purify the tools you use for work."

Shinto is a polytheistic religion with gods originally associated with nature - similar to Greek and Roman divinities. Ebisu was once the god of fishing, while another popular deity, Inari, was the god of rice. But the coming of industry transformed both deities into gods of money. Mr Takao says even a common word for market - *ichi* - originally meant "coming of god".

The highlight of the year at the Osaka shrine is a festival in January, this year attended by 1.1m people. Mr Takao says they crowded into the shrine grounds walking shoulder to shoulder in a long procession. They buy bamboo leaves hung with paper symbols of wealth - including a wallet, an accounting book, gold coins and banknotes.

When they near the shrine buildings, the worshippers thrust into huge wooden collecting boxes, or else discreetly pass banknotes in envelopes to the priests.

Mr Takao said this year's biggest offering came from the owner of an electrical shop who normally gives ¥10,000. This year it was ¥500,000.

This year's offerings totalled ¥200m, much of it spent on the cost of staging the festival. Mr Takao says it was one of his best years. But offerings are hardly affected by the business cycle. "When times are good in Osaka offerings are high, but when times are bad, people often also offer a lot of money."

# Suharto promotes military men

BY JOHN MURRAY BROWN IN JAKARTA

PRESIDENT SUHARTO of Indonesia last night reshuffled the Cabinet and in the process scotched speculation of a rift between the military and government.

General Benny Murdani, former head of the armed forces, takes the Defence portfolio while Gen Rudini, a former army commander, is to run the Interior Ministry. Mr Moerdiono, also considered the military's choice, is to be State Secretary, a post vacated by Mr Sudharmono, the new Vice-President.

President Suharto changed 19 ministers in a 38-strong cabinet. He is also handing over some of his own co-ordinating tasks to Mr Sudharmono.

Mr Radius Prawoto is promoted from Finance to co-ordinate economic policy. He replaces Dr Ali Wardhana, who is believed to be stepping down because of ill health.

Dr Johannes Samarlin moves to Finance from Bappenas, the Ministry of Economic Planning, while Mr Hartato remains at

# OUA chief says African debt 'cannot be justified'

BY JOHN MURRAY BROWN IN LUSAKA

ORGANISATION OF African Unity chairman Mr Kenneth Kaunda said yesterday that the burden of repaying Africa's foreign debt had reached a level that could no longer be justified, Zaire reports from Lusaka.

"Obviously, a situation in which the bulk of Africa's export earnings go to servicing debt cannot be justified even by the creditors themselves," said Mr Kaunda, the Zambian President. He was opening a meeting of 12

# OUA foreign and finance ministers which has been called to co-ordinate efforts to convene an international conference on Africa's \$200bn debt.

The OAU says African nations on average spend more than 40 per cent of export income on servicing their debt.

Mr Kaunda said Africa's debt would jump by \$60bn by 1990 and \$500bn by the turn of the century unless comprehensive measures were applied to the problem.

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**Foreign Colonial**

AMERICAN NEWS

Civic Crusade strike takes hold in Panama

BY DAVID GARDNER IN PANAMA CITY

A GENERAL strike in Panama took hold yesterday of those few sectors of the economy not already paralysed by the political upheavals and cash crisis of the past three-and-a-half weeks.

The strike has been called by the Chamber of Commerce-led Civic Crusade, which says it will continue until the fall of General Manuel Antonio Noriega, the country's military strongman.

The Crusade is attempting to return to centre-stage in the Panamanian crisis. It lifted its partly effective strike two weeks ago and devoted itself instead to Panama's trade fair, earning a barrage of criticism for frivolity.

Since then, Panama's 150,000 public employees, who took to the streets demanding payment from their bankrupt government, have become the spearhead of opposition to the regime.

Public sector offices and utilities have been put under military jurisdiction to keep them open. Yesterday nearly all shops, supermarkets and markets put up their shutters, joining industries, banks, and the \$4.3bn turnover Colon Free Trade Zone, which had already closed down because there is neither cash nor credit to continue doing business.

As a senior official put it, Panama has moved "from being an international finance centre to a better economy... overnight." But after three weeks, ordinary Panamanians are running out of ways to feed themselves, and this will be exacerbated by the strike.

Sandinistas and Contras agree to ceasefire

BY ALEXANDER NICOLL IN CARACAS

AN OUTLINE agreement between Brazil and leading creditor banks on a long-term financing package is still several weeks away, bankers said yesterday. Friendly talks between Brazilian officials and bankers have been held during the annual meeting of the Inter-American Development Bank in Caracas. Some 200 bankers heard a presentation from Mr Mollison da Nobrega, Brazil's Finance Minister.

He told them that elements of the package not yet agreed should not delay its conclusion, and that a mission from the IMF would visit Brazil in a few weeks to begin discussing an economic programme. Meanwhile there was discussion of Brazil's request for short-term "bridge" financing from banks to help it pay interest for the second quarter of 1988.

Brazilian debt deal 'still weeks away'

It would be more difficult than usual to link disbursements of bank loans to an IMF programme, because the bulk of the planned \$5.8bn (£3.19bn) bank loan will be paid out "up-front" as soon as it is signed. A link with the IMF would also be politically awkward for Brazil. Payments still to be set include whether banks will be able to capitalise interest - adding it on to the principal - instead of putting up new money. Items already agreed are the \$5.8bn loan amount, an interest rate of 10 per cent above money market rates, a 20-year rescheduling period for \$2bn of debt and an eight-year grace period.

Barbara Durr in Lima reports on how an opinion poll generated a confused set of budgetary proposals

Peru economic policy submerged by politics

JUST HOURS before his nationally televised speech recent President Alan Garcia ordered the Finance Palace staff to conduct a lightning opinion survey on his projected economic belt-tightening measures.

Predictably it found the response to price increase would be negative. The president then rushed to cut back his original plan, which included stiff price hikes and a devaluation, and announced a confused policy. One presidential palace official lamented privately "Alan is a politician not an economist."

Instead of increasing the petrol price by 100 per cent as was widely expected, for example, the president announced a 50 per cent rise. The technically bankrupt state oil company, Petrosul del Peru (Petrosul) had asked that the petrol price go up by 150 per cent according to Mr Javier Silva Rueda, a Communist Opposition senator.

Such seductive growth figures led Peru to cling to its heterodox longer than Argentina or Brazil, where similar plans have already failed. Peru had the added advantage that it has restricted foreign debt payments to 10 per cent of its export income. But the price of obstinacy has been high. Net foreign currency reserves at Peru's Central Bank are in the red by \$14bn. 1988 inflation is heading for more than 250 per cent and last year the fiscal deficit ran to 6 per cent of gross domestic product.

Even some of the former strategies most well known proponents such as Mr Daniel Carbonetto, presidential economic adviser, and Cesar Ferrari, Central Bank economist, said that times had changed and so must the government's approach. But Mr Carbonetto remarked that changing minds, presumably the president's above all, has been difficult. "Laying the external truths, they are not empirical like Anglo-Saxons." Despite watering down his austerity plan, Mr Garcia could not be screeching pleased that the political price was virtually the same in a poll conducted immediately after his speech 58 per cent of the public disapproved of his administration. The new measures would not help better the economy said 70 per cent of those polled.

Actors' unions join Hollywood strike

HOLLYWOOD'S two major performing unions struck radio and television commercials today, adding to the labour turmoil in a US industry already hit by a script writers' walkout, Reuters reports from Los Angeles.

The Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA), which claim 100,000 members, voted overwhelmingly to strike after talks to whittle a three-year contract broke down.

The walkout came as a strike by the 9,000-member Writers Guild of America entered its third week with no end in sight. The performers are withholding their services from radio and TV commercials including advertising by presidential candidates.

US spending on plant to slow

INVESTMENT IN plant and equipment by US business is likely to increase about 8.8 per cent this year but only 0.5 per cent in 1989, according to a survey by New York.

Manufacturers are likely to lead the way this year with a 12.5 per cent increase in investment, but trail in 1989 with a 2.9 per cent decrease, said Data Resources Inc.

W Germans expect rise in Indian deals

WEST Germany expects a sharp increase in the number of industrial collaborations with businesses in India following a highly successful technological exhibition in New Delhi last week which was visited by nearly 500,000 people.

Peter Montagnon analyses a sensitive issue that could divide participants in the Uruguay Round of multilateral trade talks

US and EC styles differ as Gatt grapples with trade in services

INTERNATIONAL negotiations on liberalising trade in services, which form a key part of the Uruguay Round of multilateral trade talks, are entering a sensitive stage as participants begin to look forward to the ministerial mid-term review of their deliberations in Montreal this December.

Spurred on by the US, for whom progress on services is a core objective, negotiators from the main industrial countries hope to have at least some outline principles in place for ministers to endorse in Montreal. To achieve this, however, their talks at the General Agreement on Tariffs and Trade (GATT) in Geneva now need to address two particularly controversial questions. One is how to link such a framework to the development needs of poorer countries; the other is whether even outline principles can be established without at least some informal examination of how they would affect individual service sectors.

After a year of negotiation, the main parameters of the discussions have now become clear. Negotiators have decided not to worry too much about services which are actually traded across borders, and instead to concentrate on the more common situation where they have to be delivered at the point of consumption. The emphasis has been on establishing regulatory systems that guarantee market access, national treatment (equal rights in domestic markets for foreign and local suppliers), and non-discrimination between separate foreign suppliers.

"By the time of the mid-term review, the OECD countries will have a fairly precise consensus as to what they want," said one senior US official. The difficulty now lies, he continued, in bringing developing countries into the fold. Agreement that the talks on services should take account of the development needs of poorer countries was enshrined in the Punta del Este declaration, the launch document for the Uruguay round.

In services, as in agriculture, the US has been concerned with 'absolute principles; the EC has adopted a more pragmatic approach. The larger non-manufacturing sector is expected to be more stable, with a 6.6 per cent increase this year and a 2.7 per cent increase in 1989, the survey said, based on replies from 457 companies.

developing countries' construction industries because of politically awkward immigration problems. A meaningful consensus on trade in services cannot therefore be reached by December unless the implications for individual sectors are examined first, they say. Through this runs contrary to the US notion that a framework of principles should be established before specific sectors are brought into the discussion. It is a view which finds at least some echo elsewhere. The EC, for example, wants to be sure of freedom to protect its cultural industries - like broadcasting and films - from foreign domination. It is not yet ready to accept free competition in telecommunications. "We would not want to offer national treatment in basic telecommunications to potential foreign suppliers. We need an exemption," says a Brussels official.

Davy wins £61m Korean blast furnace order

DAVY, the UK engineering group, has won a \$61m order from South Korea's Pohang Iron and Steel Company to build a blast furnace at its new Kwangyang works on the country's south coast.

US and EC 'risk new trade war'

A STRONG risk exists of a renewed trade and subsidy war between the US and the European Community next year unless progress is made before then on the new Gatt agricultural negotiations, Mr John MacGregor, UK Minister of Agriculture, warned yesterday.

Pakistan proposes dismantling of MFA

PAKISTAN has put forward a radical plan for dismantling the Multi-Fibre Arrangement, and integrating world trade in textiles into the General Agreement on Tariffs and Trade.

Airbus row 'must be settled by June'

THE Airbus dispute has to be settled by June, or July at the latest, senior US and European officials have agreed following the trade ministers' meeting at Konstanz, West Germany, William Dullforce reports from Geneva.

US and EC 'risk new trade war'

US farmers in the Mid-West and elsewhere would be tensacious in their support for continuation of US agricultural subsidies as contained in the 1985 Farm Bill, due for renegotiation next year, Mr MacGregor believed.

Women's... London...



UK NEWS

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By: The Chase Manhattan Bank, N.A.  
London, Agent Bank

March 22, 1988

**Race Electronics to invest £11m in Welsh factory**

BY ANTHONY MORETON, WELSH CORRESPONDENT

ONE OF the largest expansion projects undertaken in the UK in recent years was announced yesterday by Race Electronics, a Welsh manufacturer of printed circuit boards.

The company is to undertake an £11m expansion at its Talbot Green factory outside Cardiff, south Wales, which will raise its workforce by 1,100 to 1,850 over the next four years.

The scale of the project can be judged by the fact that two big inwardly-investing Japanese companies, the car manufacturer Nissan and the television producer Sony, both employ around 1,250 at their respective plants in Washington, Tyne and Wear, and Bridgend, south Wales.

The expansion was described by Mr Peter Walker, the Welsh Secretary, as "one of the biggest British industrial projects in recent years."

Race Electronics, the principal arm of the Welsh-based Gooding Group, founded by Mr Alf Gooding, makes circuit-board assemblies by both the pin-and-hole and surface-mounting technologies.

The group has significant contracts with companies such as Brother Industries, for parts for typewriter production, Jaguar Cars, for air conditioning equipment, IBM, Ricoh and Shetp.

The company has made a speciality of winning orders from Japanese concerns in the UK. Mr Malcolm Sanders, its managing director, previously worked for

Sony and the company has a Japanese recruited locally as its manufacturing director.

The expansion is to take place in a factory provided by the Welsh Development Agency and Mr Gooding said yesterday he was pleased that the public and private sectors have been able to work together to help Race grow and provide so many jobs.

Race has made considerable progress in the last three years in a highly competitive market. AE Electronics, another Welsh concern, has recently invested heavily in surface-mount technology and both Phillips and Times, other leading players, have been spending heavily on new equipment.

For Race, the investment is almost a fairy-tale story. Four years ago, with the collapse of the home-computer market, the company was all-but on its knees.

Turnover dropped to £2m in 1985 from £14m in 1984 as sales of the BBC's Acorn computer – a major end user – dried up. Since then, the profile of its business has changed to electronics assembly and turnover has shot up to a forecast £36m this year.

At Pilkington, the UK glass company, is reorganising its defence electronics division to strengthen the high technology aspects of the group's business, writes Terry Dodsworth.

The company said yesterday that the reconstruction would bring together the two main divisions operating in the electro-optical area.

**Kevin Brown examines the reaction to calls for urgent action to improve ferry design Safety vies with costs in ro ro row**

BRITAIN'S shipowners reacted sharply yesterday to calls by the Royal Institution of Naval Architects for urgent design changes to improve the safety of roll on roll off vehicle ferries.

The General Council of British Shipping, which represents most UK ferry owners, said the institution appeared to be calling for ro ro ships to be scrapped, and accused it of "over simplifying important issues in the debate."

The council added with heavy irony that it was "curious" that the institution felt able to come to specific conclusions while research funded by the Transport Department was still going on.

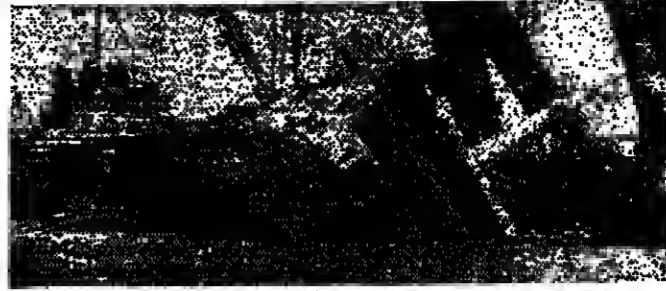
The statement which prompted this attack followed months of discussion among ship designers about the lessons of the capsizing of the Herald of Free Enterprise just over a year ago, with the loss of nearly 200 lives.

Viscount Caldecote, president of the institution, was careful to stress that naval architects were not seeking to apportion blame for the Herald accident.

But he said that existing ro ro ships were unacceptably vulnerable to rapid capsizing, even if they adhered to the existing law.

The remedy suggested by the institution is to increase the buoyancy of ships to give passengers and crew more time to escape after an accident.

This would be achieved by fitting transverse and/or longitudinal bulkheads in the crewroom, vehicle decks, where a small amount of water can cause a rapid list; by adding spousons or bulges (huge buoyancy tanks) to the hull; and by filling spaces where water might enter or collect with buoyant material.



URGENT safety improvements to vehicle ferries like the Herald of Free Enterprise (above) were called for yesterday by the Royal Institution of Naval Architects, the professional body for UK ship designers.

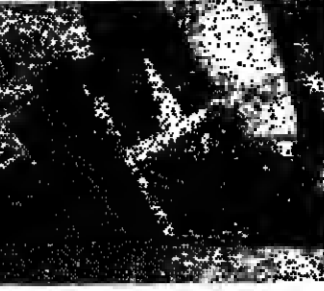
The institution said roll on roll off ferries were "unacceptably vulnerable" to rapid capsizing. It accepted that few such incidents had occurred, but warned that a single accident "can lead to catastrophic loss of life, and the risk of such a consequence is too high."

It welcomed improved operating requirements introduced by the Transport Department but said they were "short-term." Solutions to rapid capsizing were available

and should be adopted now, the institution said.

The institution's aim was to influence proposals by the UK Government delegation to the International Maritime Organisation, the United Nations agency for safety at sea.

Mr Paul Channon, the Transport Secretary, has ruled out unilateral action on ship design, which UK shipowners say would make them unable to compete with Continental ferries.



open, and the European Gateway, in 1983, which sank after a collision because bulkheads below the waterline were left open.

In line with this view, the Department has concentrated on operational improvements such as the use of closed circuit television, boarding cards, loading computers, and weigh bridges.

It has also acted in the Merchant Shipping Bill currently passing through Parliament, to make masters of ferries legally responsible for safe operation.

The Department is also likely

to require around 80 ferries built before 1990 to be brought into line with later safety standards, though no decision has yet been reached.

Shipowners have complained that some of these requirements are unnecessary, and that their costs are being raised above those of Continental competitors which are not subject to the same regulations.

But the cost of these improvements is small – around £250,000 to update the pre-1990 ships. What really worries shipowners is the prospect of unilateral UK action on design changes.

In fact there is little likelihood of this, because the Government has accepted the ferry owners' view that it would drive them out of business. This is because both owners and Government believe passengers would not be prepared to pay extra fares for greater safety in the unlikely event of a collision.

The only practical way to keep UK ferries in business in such circumstances would be to ban foreign vessels from British ports, possibly in contravention of European Community and international law.

In practice, the institution recognises this, even while calling for action, by accepting that its suggestions will have to be passed on to the International Maritime Organisation, the United Nations agency for safety at sea.

Agreements reached by the IMO members have the status of international law, but the organisation is exceptionally slow moving, and regulations can take up to 10 years to come into force.

Even if ministers could be persuaded to support the institution, however, it would be some time before its views could be tabled

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**Expanding software groups look to US**

BY TERRY DODSWORTH

BRITISH SOFTWARE and computer services companies are looking for growth through mergers and acquisitions, with a strong emphasis on the US market.

The trend emerges from a survey of takeover activity last year, when the number of transactions launched by British companies is estimated to have risen from 51 to 79. In the US, British groups started 11 of the 25 transactions by non-US companies.

The figures were compiled by Broadview Associates, an Ameri-

can investment bank specialising in computer services. They illustrate the trend towards consolidation at the top of the industry.

Mr Bernard Goldstein, a partner of Broadview, forecasts the emergence in a few years of the first computer services company with a turnover of \$1bn.

The surge in British interest has been encouraged by differing national accounting rules. British companies can write off goodwill against their balance sheets. Their American competitors have to pass it through their profit-

and-loss accounts, thus depressing earnings.

Software transactions often include a large amount of goodwill, the amount by which price exceeds the value of physical assets. That is because the assets of software companies are often high in expertise and low in plant.

Analysts believe other factors behind the takeover trend include internationalisation in all electronics-based markets, where technology is easily moved across national boundaries.

IN BRIEF

**UK's latest airliner gets its wings**

Britain's latest airliner, the British Aerospace Advanced Turboprop (ATP) twin-engine, 64-72 seat, has won its Certificate of Airworthiness from the Civil Aviation Authority, writes Michael Dome.

The first deliveries will be made soon to British Midland Airways, which has ordered three aircraft, with another two on option. Each ATP costs about £74m and is powered by two Pratt & Whitney (Canada) turbo-propeller engines. The certification is in accordance with new rules governing airworthiness requirements throughout Europe.

**New WDA chairman**

Mr Gwyn Jones, a 39-year-old computer software specialist, has been appointed chairman-designate of the Welsh Development Agency. He will succeed Mr John Williams in November.

Mr Jones, a Welsh speaker from Porthmadog in Gwynedd, set up the Computer Technology Group in Swansea in 1980 after working for British Steel and ICL. He sold the company last year for £2m. Mr Jones said yesterday that he wanted to see Wales in the forefront of new technologies.

The WDA, like its Scottish counterpart, was set up in 1976 to regenerate the Welsh economy.

**Howden wins £4m deal**

Howden Sirocco, the Belfast engineering company, has been awarded a £4m contract to supply equipment for a coal-fired power station in China.

The company will build eight fans and two preheaters for the Yue Yang power plant in Hunan province. The contract represents a major order from the Chinese.

**TSE, Saga sales push**

The Trustee Savings Bank, broadly-based banking group, and Saga Holidays announced plans to cross-sell each other's products to more than 5m people in the over-60s market. The marketing venture is believed to be the first ever between a major bank and a travel organisation, as well as the first time that the over-60s, described by TSE as "an increasingly affluent age group" have been singled out for an intensive sales drive.

There are 11.5m people in Britain over 60 years old and two thirds of all savings are owned by people over 55.

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MANAGEMENT: Small Business

European Community

A way through the Euro-maze

Charles Batchelor looks at a taskforce set up to help the smaller company

THE CREATION of the European Economic Community in 1957 appeared to usher in the era of the large European corporation with factories and customers spread throughout the seven founding member countries. At that time the small business was accorded scant attention.

Now, 30 years later, the large company which is truly at home in the community of 12 is still a relative rarity while the European Commission busies itself with a raft of measures aimed at promoting the small and medium-sized enterprise (SME).

trade associations have been consulted. "It has not been done the task force can send the proposals back. It's a thankless task and it doesn't make you any friends," Mayhew concedes.

Some observers feel, though, that the taskforce achieved only a limited success and that too many smaller companies will not be able to make use of the rule changes.

IT TOOK Simon Standley almost a year of preparation before finally, last October, his welding equipment company and three German partners won a Ecu1.5m contract under the Community's BRITE (Basic Research Industrial Technology Europe) scheme.



Garcia-Arroyo is working on a plan to break up some future BRITE contracts into feasibility projects worth about Ecu25,000 each compared with the Ecu2m contracts typical at the moment.

Prospects of paper from Paperback

BY CHARLES BATCHELOR

MOST CO-OPERATIVES in Britain are small organisations - partly because that is what their members want but also because the traditional co-operative structure makes it difficult to raise outside capital.

Paperback, a London-based co-op which supplies re-cycled paper products to printers and stationers, is attempting to finance its expansion plans with a £50,000 five-year loan stock issue which went on offer yesterday.

BRITE start for consortium

officials Standley then got in touch with the Technical University which put him in contact with Isotopen-Technik and Julich. Applications were due in by the Spring of 1987; Standley spent a lot of time on the telephone and arranged a meeting in Aachen to put together the proposal.



Simon Standley: right time

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TECHNOLOGY

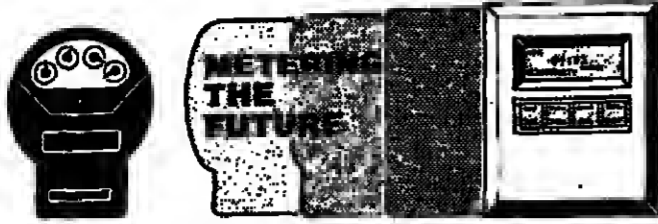
# Power taken by remote control

THE UK electricity and water industries are having a renewed burst of enthusiasm for remote communication with household meters. They want to introduce a two-way system of communication, which will enable them both to "read" meters from their headquarters and to introduce differential tariffs directly related to demand.

The water industry needs to find a new system for charging households once domestic rates - the traditional basis of water bills - are abolished. It wants to charge on the basis of consumption, and experiments with different water metering systems start in April 1989 in 11 parts of England. The trials are designed to test several tariff structures and their impact on demand, and to investigate the cost of installing meters.

Water authorities do not want to have to recruit an army of meter men to read 20m household meters. (The electricity boards employ 5,000 meter readers.) So the Water Metering Co-ordinating Group is anxious to include remote meter reading in at least one of the 11 trials.

For the electricity industry the appeal of new metering technology lies less in remote reading than in improved load management. Over the last decade industrial demand for electricity has levelled out in response to multi-rate tariffs which put up the price during peak periods when more expensive generating capacity had to be used. In contrast,



Meter reading is set to undergo a revolution. Clive Cookson, in the first of a three-part series, examines how direct monitoring of households can save utilities money

the pattern of domestic consumption has changed little over the same period: there is still a steep peak in the early evening.

Many policy makers in the electricity industry want to level demand by introducing domestic multi-rate tariffs. These tariffs would be made effective by remote communications with meters (see accompanying articles). Trials during the mid-1980s showed that people understood variable tariffs and were willing to switch off appliances such as immersion heaters and deep freezers (or have them switched off by the utility) at peak periods to save money.

After a lull of about three years, the electricity industry is preparing for a new round of trials. Much the largest involves the Mainsborne system which sends signals down the electricity mains themselves. This was

developed by Thorn EMI for the Electricity Council and was tested successfully in 1,000 homes in London and Milton Keynes during 1984 and 1986.

A full-scale trial of the Mainsborne system in 200,000 houses in South London is being planned. Negotiations between the London Electricity Board and Thorn EMI have been dragging on for longer than expected, but both sides seem confident that the project will go ahead.

Privatisation of the electricity supply industry is expected to provide a further incentive to spread consumption more evenly.

When the present area boards become commercial distribution companies they will not want to subsidise their customers' peak-time electricity consumption.

Unfortunately both the water and electricity industries are facing a serious obstacle in introducing

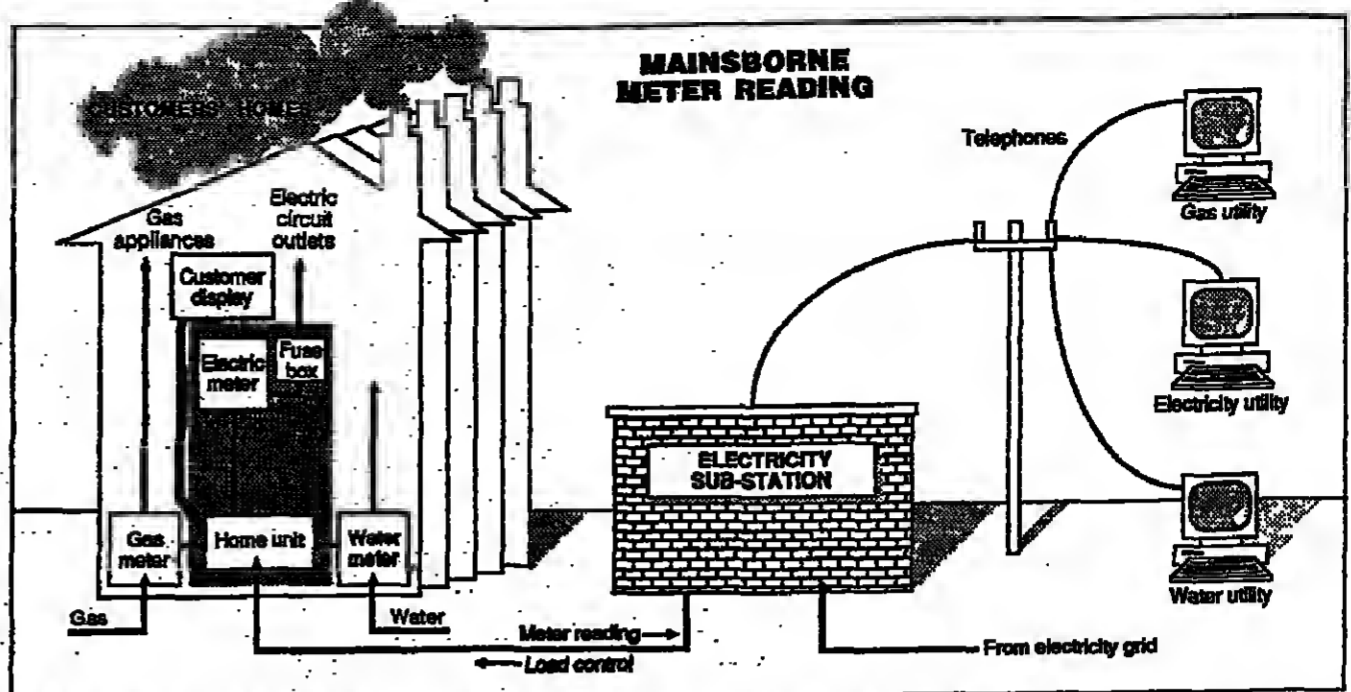
two-way meter communications: British Telecom. The simplest and cheapest communications medium available to them is the telephone system, but BT is not prepared to co-operate in trials involving fewer than 50,000 meters. According to the company's technical spokesman, Derek Willson, small-scale trials are not worth the effort BT would have to put into them.

BT's lack of commitment to remote meter reading has crippled a new type of electronic meter called an Energy Management Unit (EMU) developed by Mullard, the UK subsidiary of Philips, with funding from the Electricity Council. The EMU's facility for transmitting readings by phone cannot be used when it is tried out in 700 houses later this year.

One reason why the electricity industry is developing Mainsborne communications - despite the fact that the electric mains are intrinsically far less suitable for transmitting data than the telephone system - is that this system would be under its control and would not require BT's co-operation.

Martin Hall, project manager of the national water meter trials, says that water authorities would be happy to share Mainsborne communications with the electricity industry if the system proves itself during the 1990s. But the Mainsborne system will not be ready in time for the trials starting next year.

Although time is running out,



the Water Metering Co-ordinating Group has not abandoned hope of enlisting BT's support and including telephone-based remote reading in one of its 11 trials, at Haling Park near Croydon. Bob Garrett, regional engineer at Thames Water, says this would be based on "no ring dial up" technology which makes use of the test line telephone engineers use to check customers' phones without making them ring. This approach has been used successfully in the US by Base Ten, a telecommunications company based in New Jersey.

Ashley Pocock, a consultant employed by Base Ten to set up a

UK remote meter reading trial, says the American company is prepared to devote substantial resources to adapt its system to British conditions. He argues that BT would not need to spend much to support the Haling Park trial and could eventually gain a significant income from telephone-based meter reading.

British Gas took part in the 1984/85 Mainsborne trial but is now taking little active interest in remote meter reading. "It's not cost effective for us at the moment," says the company's technology director Gerry Cleugh. Load management is less easy for gas supplies than for

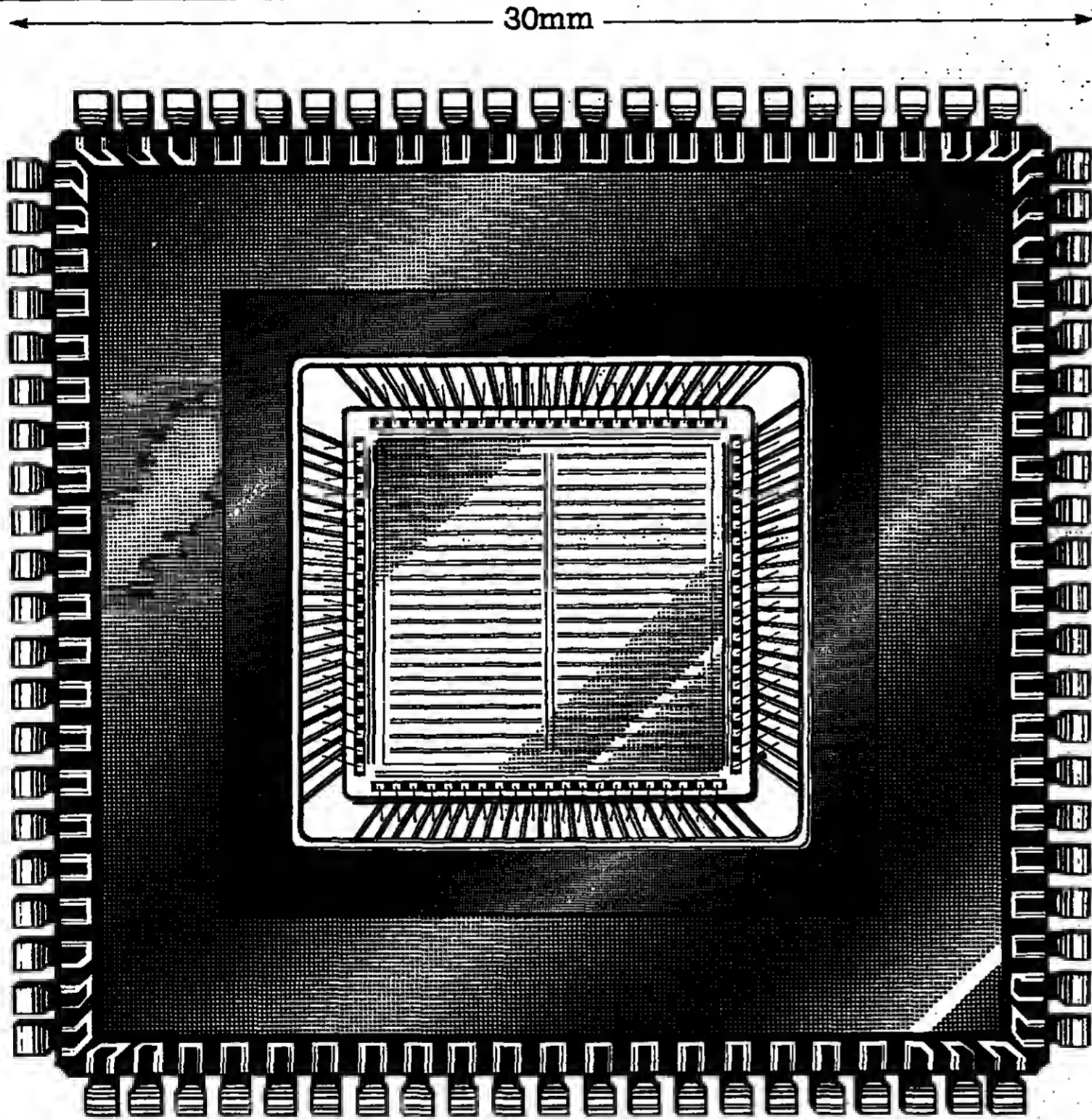
electricity and unlike the water industry British Gas has a huge number of existing meters.

Together, the UK electricity and gas industries spend an annual total of about £20m - or £4 per household - on employing people to read household meters. The capital costs of installing a nationwide remote reading network are very hard to estimate, but they might be in the region of £20m, or £100 per household. If so, the system would take at least 20 years to pay for itself in terms of reduced labour costs (or longer if the current trend towards reading meters twice yearly rather than quarterly continues).

However, this rough calculation does not take account of the benefits the system would bring in terms of improved load management and national energy savings, which are almost impossible to quantify.

In the long term it would make sense for the three utilities to share a common communications network for meter reading and load management. But for this to happen the gas and electricity utilities have to overcome their traditional rivalry and co-operate on the scale required.

Next Tuesday's Technology Page will look at developments within water and gas metering.



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### Mains

MAINSBORNE signalling has great appeal for the electricity supply industry; it uses its own cables and does not depend on telecommunications or broadcasting companies. The disadvantage is that the flow of electricity creates such a lot of interference, especially at peak periods, that messages may fail to reach the meters.

Although electric companies in many countries have experimented with the technique, the most serious work so far has taken place in the UK. The Mainsborne system was developed by Thorn EMI on the basis of a military communications method known as spread spectrum signalling. This uses a frequency range hundreds of times wider than the data requires, so that the overall message survives when part of the bandwidth is obliterated by interference.

Mainsborne trials involving 1,000 houses in 1984/85 showed that the technique could be used for remote meter reading and load control. But messages failed to get through as often as 50 per cent of the time at peak periods, which would be an unacceptably

high failure rate for an operational system.

The large-scale system planned for 200,000 houses in South London during the early 1990s incorporates several technical changes. In particular, some of the home units will act as "repeater stations", re-transmitting signals to improve their chances of getting through at times of high interference.

Thorn EMI engineers are aware of widespread doubts in the industry about whether a large Mainsborne system can work in London, which has some of the noisiest electricity mains in the world. But the project manager Dou Billington says: "We believe the technique we're using is revolutionary - and can overcome the problems."

In the US, General Electric (GE) has stopped development work on a similar "power line carrier" system. William Gingrich, general manager of GE Meter and Control, says it would be uneconomical to run - and operating differences between electricity networks mean that expensive adaptations would be necessary each time a new system was installed.

### Radio

RADIO Teleswitching is the only means of communicating with the meter that has moved beyond the development stage to full-scale operation.

It is a one-way communications system, developed jointly by the BBC and Electricity Council, which uses the Radio 4 long-wave transmitters to send coded signals to a small receiver fitted beside the electricity meter. The signals (which are inaudible on a normal radio set) can activate switches to alter the tariff on a multi-rate meter or to turn selected appliances such as heaters on and off.

Two hundred thousand radio teleswitches manufactured by GEC Meters and Sangamo have been installed throughout the UK over the past three years, and several other companies are about to enter the market. In the autumn FML, a UK subsidiary of Siemens, will launch a teleswitch combined with an electronic meter in a single unit.

Most teleswitches so far have been used to switch domestic storage heaters on and off in conjunction with the Economy 7 tariff, which provides off-peak electricity for seven hours per day at less than half the normal tariff.

The system allows each electricity board to switch Economy 7 customers on and off at times that suit its daily operating requirements, instead of being restricted to a fixed period on a time switch.

A trial to explore the potential of teleswitching for more sophisticated load management is due to start next winter with funding from the European Community. Teleswitches combined with multi-rate electronic meters made by Sangamo will be installed in 1,000 homes. The point is to observe customers' reaction to flexible three-rate and five-rate tariffs.

"We see radio teleswitching as a very effective low-cost solution to basic load management," says Alan Dick, who runs the Electricity Council's metering projects.

Of course a one-way system like radio teleswitching cannot be used for remote meter reading. But a mobile radio system is being tested in the US to read meters. Vans equipped with short-range transmitters and receivers tour the streets, sending signals to nearby houses. The signals activate a transmitter in the meter, which sends its reading in a coded radio signal back to the van.

### Telephone

THE FIRST UK experiment with remote meter reading via the telephone network was the Credit and Load Management System (CALMS) trial in 1984/85. This was very popular with the 300 families that took part - many asked to keep their CALMS units after the trial ended.

The consumers cut their electricity bills by up to £25 a year, taking advantage of the multi-rate tariffs and information about consumption displayed by the units. They did not mind when the electricity board used the system to switch off certain appliances, such as heaters and freezers, at peak periods.

British Telecom installed expensive special equipment in local telephone exchanges to support CALMS but said that its simplified successor, the Energy Management Unit (EMU), could run on Bistream, a new BT service for transmitting low volumes of data to and from home computers. Unfortunately BT scrapped Bistream last year because it would be too expen-

sive to operate and has nothing to offer in its place.

The Electricity Council and Mullard (part of the Philips group) have continued to develop the EMU as an advanced multi-rate electronic meter but it is now only capable of one-way communications. It incorporates a radio teleswitch (see article above) for load control, but the meter has to be read by someone coming to the house.

In the US, telephone-based meter reading is making better progress, though utilities and telephone companies are somewhat reluctant to co-operate with each other. The incentive for remote reading is greater in the US because the utilities send out monthly bills, in contrast to the UK where bills are normally quarterly.

Hackensack Water Company claims to be the first utility to extend automatic meter reading to all customers. It is installing a Base Ten system in 168,000 homes and businesses in northern New Jersey. This system will be complete by 1990.



ARTS

Henze Festival/RAM

Paul Driver

An orchestral concert at the Royal Academy of Music on Friday ended a week of Henze festivals... Henze's music is itself so consistently interesting.

The Haunting Tree/ICA

Michael Covoney

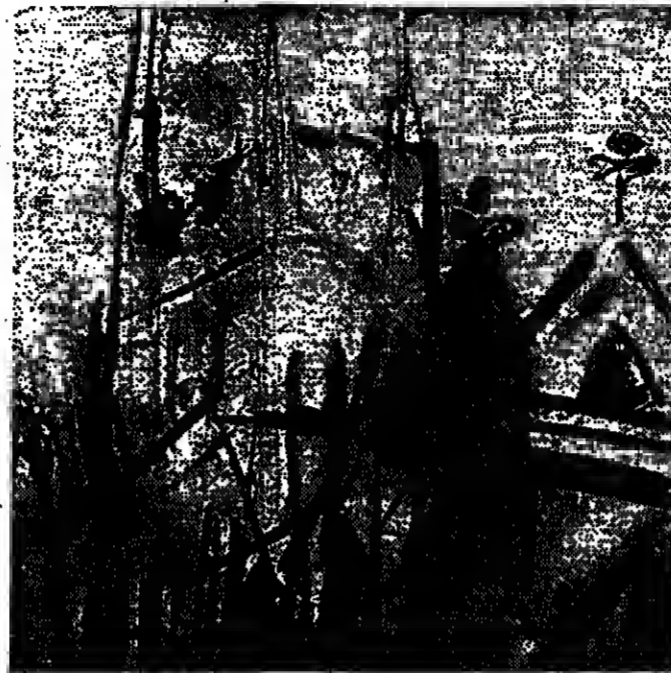
Axis Mundi is a new theatre company formed at the intersection of narrative, dramatic, fragmentary presentation and ecological concern... The Haunting Tree is the latest in the ICA's "Home Work 2" season.

Late Picasso at the Tate

The Tate Gallery, together with the Musée Picasso, Paris has organised a major exhibition of the late works of Picasso, comprising of the paintings, sculptures, drawings and prints which he produced in the last 20 years of his life.

Galleries/William Packer

Capturing the spirit of the place



Southwark Cathedral by Dennis Creffield

The Fine Art Department of the Arts Council has enjoyed plenty of abuse over the years, some of it deserved... Creffield, now 57, studied under David Bomberg at the Borough Polytechnic in the late 1940s.

rather are they faithful to the physical spirit of each place. The subjects are taken inside and out, images of massive fronts and towers, flying buttresses, switching towers, heavy pillars and light, high spires... The particular qualities of charcoal as a medium of expression are hardly a professional secret.

The Father/Redgrave, Farnham

Martin Hoyte

A wet Saturday night with Strindberg in Farnham sounds like the fulfilment of a particularly vicious curse... The Father is a play about obsession in itself occasionally swamped by the author's own obsessions.



Rachel Kempson

Academy/Festival Hall

Max Loppert

The Academy of St Martin-in-the-Fields and its associate chorale have been busy... The Academy's characterisation of the instrumental colours, no energy and little sense of rhythm.

Un ballo in maschera

Richard Fairman

With mettlesome tenacity the Royal Opera has managed to keep this show on the road... The deflection of the tenor Giacomo Aragall near the beginning of a long run of performances is the sort of problem that is guaranteed to keep opera audiences awake at night.

Bishop-Kovacevich/Elizabeth Hall

Max Loppert

Stephen Bishop-Kovacevich's recital on Sunday showed the pianist at the peak of his powers... The programme, which originally billed Beethoven sonatas before the interval and Ravel and Brahms works after it, was changed to Beethoven and Schubert.

Arts Guide

March 18-24

Opera and Ballet

TOKYO

Kese to Meitetsu (Tokyo Bunka Kaikan). Written by Ken Ishii, Japan's leading opera composer... Metropolitan Opera (Lincoln Center Opera House). James Levine conducts Mozart's Così fan tutte.

NEW YORK

Merce Cunningham Dance Company (Joyce). Two major premieres are included in the four programmes during the month-long schedule of twelve weeks... Metropolitan Opera (Lincoln Center Opera House).

PARIS

Der Freischütz (Opéra-Comique). Carl Maria von Weber's romantic opera played by the Grand Opéra Philharmonique... Opéra National de Paris.

LONDON

Royal Opera (Covent Garden). New principals take over in the revival of Verdi's Un Ballo in Maschera... English National Opera (Coliseum).

NETHERLANDS

Amsterdam. Muziektheater. The Netherlands Opera production of Katya Kabanova by Janáček... Rotterdam. Operette.

Saleroom/Antony Thorncroft

Warhol's reigning queens

Sotheby's is warming to Andy Warhol. It is selling his bizarre and very varied collection of works of art next month in New York... The same dealer bought a pair of large famille rose balustrade jars and domed covers for £13,000.

Advertisement for ANADIN FAST PAIN RELIEF. Text includes 'For ASPIRIN pain relief TAKE ANADIN FAST PAIN RELIEF' and 'the proven formula'.

Advertisement for 'Have your F.T. hand delivered...'. Text includes 'every working day, if you work in the business centres of MALMO, STOCKHOLM OR GOTHENBURG'.



Lost decade in Latin America

From Dr Stephen Griffith-Jones. Sir, in a series of recent articles, the Financial Times reviewed the current state of "The Latin American debt crisis" (March 15), stressing a return to "muddling through", as opposed to radical action or measures.

There was, however, no mention of the serious crisis of growth and development in Latin America which has made the 1980s a "lost decade" for that continent.

Moreover, reduced Latin American GDP and imports is also extremely damaging to those who export to Latin America, implying serious losses of production and jobs in the industrialised world.

Growth, development and poverty alleviation are again said to be the dominant targets which industrial governments and international financial institutions such as the International Monetary Fund (IMF) and the World Bank - are attempting to pursue in the Third World, as stated in recent speeches by the managing director of the IMF and the president of the World Bank.

What is lacking is vision by politicians and policy-makers in the industrial and developing world alike - to carry them through.

Stephan Griffith-Jones, The Institute of Development Studies, University of Sussex, Brighton

Letters to the Editor

Extraordinary rush to legislate

From Mr Michael Gregory. Sir, it is an oddity that the most public of scandals are the ones that sometimes go unnoticed.

The House of Commons has procedural safeguards designed to ensure that before legislation hindering every citizen of the country is imposed, it is adequately considered by the House, and opportunity given to challenge it.

Yet the controversial Land Registration Bill to open - for public inspection - entries and accompanying private documents at the Land Registry - was taken through all stages and passed on a Friday afternoon with not a word said about its content, nor any reason given for expediting the measure.

Not even a button to leave undone. From Mr Eric Dodson. Sir, I have at least 10 hats in regular use, from bowlers (of several colours) to panamas. I do not need to be convinced of the old hat's slogan: "If you want to get ahead, get a hat."

Postal delay is a business hazard. From Mr Stanley Davis. Sir, the unreliability of the UK postal service is a continuing source of frustration to business people.

expediting the measure. Second Reading (a First Reading is a non-event), Committee Stage, Report Stage, Third Reading and passing of the Bill were all taken in a few seconds - no doubt in an almost empty House, as it was a Friday.

Does the House of Commons not realise that, under the unexplained Changes Register, every money packer down your street can check whether you have a mortgage on your house?

It is worth bearing in mind that Saab would be unlikely still to be in aircraft manufacture if it were not for the very protected Swedish defence market - more sheltered even than those of most western nations.

Of the three car ranges which Saab sells internationally, one is simply an Italian Fiat/Lancia model with Saab badges struck on. Another resulted from a joint venture with Fiat/Lancia. This model and Saab's third, older range, both use an engine developed from a very ancient Triumph design.

Mitsubishi and Fiat have both made aeroplanes for far longer than Saab without claiming any "synergy" or hyping it up in their public relations.

Merger accounting may be tighter

From Sir George Vallings. Sir, "Tougher sanctions urged over accounting rules" (FT, March 14) gives a misleading impression about the position of the Chartered Institute of Management Accountants over the question of statutory support to enforce accountancy standards.

While we recognise that many aspects of accountancy can be governed quite adequately through self regulation, there remain some - such as off-balance-sheet finance and merger accounting - which deserve legislative backing and more government support.

In respect of merger accounting, we are currently recommending to the Department of Trade and Industry (DTI) tighter regulations through the next Companies Bill, aimed at ensuring that merger accounting and the financial advantages that arise from it are restricted to genuine mergers.

This would stop companies taking unfair advantage of this beneficial accounting treatment in takeovers.

Marketing games can be over-played. From Mr Phillip Oppenheim. Sir, recent discussion about the proposed British Aerospace takeover of the Rover Group has drawn attention to Saab's aerospace interests, resulting in often uncritical comment.

It is worth bearing in mind that Saab would be unlikely still to be in aircraft manufacture if it were not for the very protected Swedish defence market - more sheltered even than those of most western nations.

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Mitsubishi and Fiat have both made aeroplanes for far longer than Saab without claiming any "synergy" or hyping it up in their public relations.

IF THE political importance of a region were straightforwardly determined by its economic importance, the rest of the world might almost have forgotten about the Middle East by now.

There is no shortage of oil in the world - rather the reverse - and the share of exports coming from the Gulf region has shrunk to 41 per cent (compared to 55 per cent in 1980 and 59 per cent in 1973).

In fact, if one looks with callous realism at the effect of developments in the Middle East on Western interests, rather than on the area's unfortunate inhabitants, one can only be struck by how lightly we have got off.

The Arab Gulf states have been threatened by a wave of Islamic fundamentalism; US diplomats have been taken hostage in Tehran and held for 444 days, including an abortive attempt by the US to rescue them by military force;

War broke out between two of the most important oil producing states in the Gulf, and has spread to include attacks on the tanker traffic of non-belligerent states; Nato navies sent more than 80 ships to the Gulf.

That this is confined to the Gulf region. Had the speaker broadened his view to include the Middle East as a whole he might have added the following events: the assassination of President Sadat in Egypt, the fall of President Khomeini in Iran, the Israeli invasion of Lebanon, the sending to that country of a US-led multinational force, its withdrawal in disorder after suffering heavy casualties at the hands of pro-Iranian Islamic extremists, the collapse of an agreement between Israel and Lebanon on a demilitarised zone, the seizure of a senior CIA official in an explosion at the US embassy in Beirut, the kidnapping and torturing to death of another, the seizure of a series of other Western hostages and the exposure of a bungled attempt by the US to free them by supplying weapons to Iran.

That could only have reinforced his conclusion that "if academic - who called it "the irrelevance of failure". It begins to look as though the Middle East cannot after all do the West any serious damage, no matter how ill-judged and ill-coordinated the policies adopted by Western powers for dealing with it.



The Great Game goes on

anyone had predicted this series of events in 1978, it would have been reasonable to expect a dramatic reduction of the flow of oil from the Gulf, massive disruptions of supply and huge increases in the price of oil, whereas "in reality, the flow of oil from the Gulf has continued at a remarkably steady rate... oil prices, after a sharp increase, returned to a point not far above where they began ten years ago" (That is in dollars. In real terms they are considerably lower.)

This could be called a remarkable success story for the West, but its essence was better captured by another speaker at the same meeting - a West German

Edward Mortimer examines the endless entanglement of outside powers in the Middle East

rest and arguably least significant state. Even there, two years ago, it had to intervene to halt a bloody civil war between two rival sets of protégés, devoid of ideological content as far as any outsider could understand it.

Communist parties throughout the region - even in states with good reason to keep in with Moscow, such as Iraq - have been ruthlessly suppressed.

ADVERTISEMENT

Sterling would find natural level

From Mr Christopher Meakin. Sir, Mr Lawson wants to be remembered as a reforming Chancellor. Among his other virtues, he is the first to recognise that the UK tax system needs to be internationally competitive.

There is one remaining area under his control which this admirable principle has still to penetrate. If he deeply believes all he has said about enticing successful individuals to Britain with attractive taxes why not apply exactly the same logic to successful investments?

It is the UK Chancellor who controls the level of UK interest rates - not the market. The

Newspaper union agreements

From Mr Colin Bourne. Sir, John Gupper's article on the current difficulties facing the National Union of Journalists (March 7) was a depressing picture if it represented the true position.

The Newspaper Society's determination to use editorial direct input to break trade union organisation is no longer deniable. Most NUJ chapters - now more than half - which have negotiated settlements with their employers in 1987 and, so far in 1988 have done better than the increases in wages implemented by the Newspaper Society.

The article said that senior staff were being "asked" to sign new contracts withdrawing negotiating rights. There was no

The European non-Life insurance directive will be dealt with at speed

From The Baroness Elles MEP. Sir, it is true that some procedural difficulties have arisen between the Council and the European Parliament concerning the adoption of the non-Life insurance draft directive (March 11). But there is no need for despondency and alarm relating to any delay caused by the Parliament in the adoption of this directive - quite the reverse.

Already last July, while considering that "re-consultation" would be necessary, the Parliament unanimously agreed that the matter would be dealt with "with all possible speed".

There is however a substantive difference between the present draft directive and the original draft of 1975. That is not surprising, particularly in view of relevant decisions handed down by the European Court of Justice (ECJ) in December 1986. We could not ignore this difference: there would have been a danger of risking a member state's recourse to the ECJ to declare the directive void on grounds of failure to complete "essential procedural requirements."

The matter is now before the Legal Affairs Committee of the Parliament. There is every expectation that the proposal will be debated and voted upon in the May plenary session. It could be possible for the directive to be adopted by June of this year.

Those EC officials to whom your correspondent referred should not be so anxious to discern plots where, for once, none exist. Members of the European Parliament are fully aware of the importance of this particular directive - and, indeed, of getting on with the job of completing the internal market.

MICROWAVE COLLABORATION

Plessey and three other UK microwave companies have joined forces on a collaborative programme to develop a range of Microwave Integrated Circuit (MIC) building blocks.

Referred to as Microwave Common Modules, the MICs will be developed to meet the future needs of the European microwave systems industry, offering the advantages of a common industry-standard MIC form factor, sub-systems, multiple sourcing and reduced cost.

The programme, sponsored by the UK Ministry of Defence, involves Plessey Microwave Ltd, Ferranti Computer Systems (Microwave Division) Ltd, M/A-Com Ltd, and Marconi Electronic Devices Ltd. Collectively, they form the Microwave Common Module Group (MCMG).

The venture represents an unprecedented level of support and collaboration, with design information freely exchanged between participants.

All four companies have committed extensive development effort to the programme.

The contract follows earlier prime contract awards for Sonar 2054 - a multi-functional sonar suite for the Royal Navy's Trident submarine programme worth more than £100 million - and an Oberon sonar update programme worth in excess of £25 million.

PLESSEY HOTLINE PLESSEY H

£10m HUNTER-KILLER SUBMARINE SONAR ORDER

Plessey has been awarded a £10 million contract by the UK Ministry of Defence for the new 2074 sonar to be fitted in three of the Royal Navy's nuclear-powered hunter-killer submarines.

The new equipment will replace the 2001 sonar which was also supplied by Plessey. Plessey Naval Systems Managing Director Derek Wilson said: "Plessey offered the Royal Navy the advantages of latest technology with established equipment practice at the lowest possible price, thus allowing the Navy to maximise its investment. The award reinforces the claim that Plessey is the premier submarine systems house in the UK."

As well as providing improved sonar array performance, Sonar 2074 will be considerably smaller than existing equipment and will offer good stretch potential for future enhancements.

The company expects that significant export sales for a modified version of Sonar 2074 will result from the award.

Work on this important new contract will be carried out at Plessey Naval Systems' factories at Templecombe in Somerset and Newport, Gwent.



A Plessey submarine sonar display.

SECURITY SYSTEM IS WORLD FIRST

Plessey Crypto breaks new ground with the launch of a multi-level security system for local area networks. LANLOK MILS-100 is the first system in the world designed to meet B2 classification for multi-level secure systems as defined by the US National Computer Security Centre's "orange" book and to offer a choice of encryption algorithms enabling applications in finance, commerce and industry.

Stephen Thompson, sales and marketing executive for Plessey Crypto, said LANLOK would enable industry and commerce to reduce their investment in costly computer equipment. This is because LANLOK does not permit any access to data by unauthorised personnel.

B2 is one of the highest attainable levels of security classification, so LANLOK gives commercial users a level of security normally used only by government.

LANLOK is a highly flexible, modular system that can be readily extended and changed as organisational requirements dictate.





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**SECTION II - COMPANIES AND MARKETS**  
**FINANCIAL TIMES**

Tuesday March 22 1988

**TRAVIS & ARNOLD**  
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**Beazer lifts offer for Kopper to \$56 a share**

By James Buehan and Philip Coggan

BEAZER, the UK housebuilding and construction group, has raised its highly leveraged bid for Koppers to \$56 in cash per share, valuing the US aggregates group at \$1.8bn.

The move follows the rejection by the Koppers board of Beazer's original \$45 per share offer, which was soon overtaken by the market price.

Koppers' share price rose again in early dealings yesterday and quickly surpassed the new Beazer offer to trade up 3 3/4% at \$58 1/2.

Wall Street speculators, who have bought heavily into Koppers since the first Beazer approach on March 3, say the new offer is still too low.

Koppers said yesterday that its board would consider the revised offer. But Mr Charles Pullin, chairman, said late on Sunday that the company would still pursue its own plan to "maximise shareholder value" by recapitalising the company and keeping it independent.

The plan involves borrowing heavily against the business to pay shareholders a special cash dividend.

The revised Beazer offer appeared to have been made in a hurry in an attempt to pre-empt any recapitalisation plan.

Mr Brian Beazer, chairman, wrote to Mr Pullin giving details of the higher offer on Saturday, shortly before a Koppers board meeting.

Beazer's original offer was made via a vehicle company, BNS, in which two investment banks, Shearson Lehman and NatWest Investment Bank, had the majority stake.

In London, Beazer's shares closed down 5p yesterday at 182p. The company is to announce its interim results today, which are expected to show a jump in pre-tax profits from £24m to over \$40m (\$72m).

**Belgian glassmaker acquires 20% stake in AFG for \$156m**

BY DAVID SUTHERLAND IN BRUSSELS

GLAVERBEL, the Belgian glassmaker, said yesterday that it had bought a 20 per cent stake in AFG Industries of the US, thereby indirectly giving its major shareholder, Asahi of Japan, entry to the US market.

The Belgian company said it had spent \$156m to buy into AFG, which is currently undergoing a management buy-out led by Mr Ron D. Hubbard, the AFG president.

At the end of the buy-out, AFG is expected to be owned 25 per cent by its management, 20 per cent by Glaverbel and around 55 per cent by institutional investors, including Drexel Burnham Lambert, the financial organiser of the operation.

However, Glaverbel said it had secured unconditional agreements from the institutional investors to buy all their shares in five years' time.

This would allow it to take over control "without cutting itself off from the support of the present AFG management which, in the past 10 years, had shown its efficiency."

AFG is the second largest flat glass maker in the US, with a 20 per cent market share. AFG, the result of the 1978 merger of American St-Gobain and Fourco Glass, has undergone a transformation with turnover increasing from \$101m in 1980 to \$488m last year and net profit increasing from \$3m to \$58m over the same period.

Glaverbel said the eventual takeover of AFG would allow Asahi to become "the world's most geographically diversified glass producer, with significant plants and markets shares in Japan and South-East Asia, in the US and Europe."

**US hospital group set for \$1.15bn buyout**

By Our New York Staff

A LENGTHY CAMPAIGN by Charter Medical managers to buy the largest US psychiatric hospital group looked set to succeed with yesterday's approval by outside directors of a bid valuing the company at \$1.15bn.

The group, based in Macon, Georgia, said a special committee of independent directors had approved a highly leveraged offer from management, led by Mr William Pickling, chairman, of \$99.35 in cash and \$7 in junk bonds for each of the shares in the company they do not own.

The buyout group, WAF Acquisitions, said it had a commitment from Bankers Trust for up to \$140m in financing and a promise to seek syndication for the same amount again.

Part of this will be refinanced through the issue of \$770.7m in junk bonds by Drexel Burnham Lambert, the Wall Street investment firm.

But the group still has to fix the interest rate on bonds to be issued to stockholders, which are supposed to have a 7 1/2 per cent value.

The market for speculative bonds has recovered since the stock market crash and Charter Medical is profitable, earning \$52m on revenues of \$812.8m last year. But investors are expected to demand high rates on the bonds as WAF will be so heavily indebted.

The rate is to be agreed by both Morgan Stanley, advising the non-management directors, and Drexel Burnham.

The group originally offered \$40 a share in cash but cut its offer to \$33 in cash and securities in response to the stock market fall. Charter Medical said yesterday the suits had been dropped because of the new offer.

**Roderick Oram looks at the lending spree that has led to a devastating bust**  
**No joy after Texas property party**

AT HIS lavish Halloween party a few years ago, Mr Ed McBirney, a young Dallas financier and developer who came to represent the reckless element of the eye-popping Texas property boom, employed a magician to make an elephant disappear.

Now the boom has turned into a devastating bust, Texans are finding there is no such showy sleight of hand which will rid their skylines and balance sheets of the empty hulks they created over the past five years.

The realisation finally hit home last week, when First Republic Bank, the state's largest bank holding company, was forced by huge property losses and a frantic run on its deposits ignominiously to cede control to federal agencies in return for \$1bn of aid. A formal multi-billion bail-out will probably follow.

"The rescue is a real slap to the community," said one resident of Dallas. First Republic's home town, who like other Texans had taken pride in the glitzy transformation of Texas cities in recent years. "The hub of the economic wheel is broken."

Cynicism and anxiety are eating away at the once boundless confidence of Texans who fear further rescue efforts will be needed. "Giving a bank \$1bn is like giving a guy a back and telling him to not to spend it all in one place," said a struggling businessman.

Bankers and builders, victims of their own hype, had bet the banking system on their belief that the boom would never end. The penalty for losing is stiff: they are rapidly forfeiting ownership of some of their biggest financial institutions.

Of the six major Texas bank holding companies which dominate the business, two have been saved by takeovers from out-of-state banks, while the others are fighting for their lives. More government aid will probably be needed for some. Not all will survive as independents.

In the beginning, there was an insatiable demand for office space as the Texas economy rode the wave of \$40-a-barrel oil. Even as the price slumped in the party



Mr John Connally, a former governor and US Treasury Secretary, was among the many investors who suffered when the Texas property game turned sour. He had been so optimistic that he borrowed hundreds of millions of dollars as personal loans. When his property ventures unravelled, he was declared bankrupt and forced to sell his possessions.

Boston, will meet supply well into the next decade.

Collapsing property prices blew apart the economics of all projects, irrespective of their merits. Foreclosures peaked last summer at the rate of \$1bn a month for five months, wiping out hundreds of developers and trashing the balance sheets of many lenders.

As scores of banks turned to out-of-state help to stay alive, executives of Republic, the second largest bank holding company in Dallas, came up with a plan "made by Texans for Texans." They took over InterFirst, for several generations their arch cross-town rival.

"Shoot, we can handle that!" scoffed Mr Gerald Fronterhouse, Republic's chairman, at InterFirst's \$1.2bn of bad loans. But by the time the merger was completed, last summer, conditions had deteriorated much further. By year-end First Republic's \$530m of assets included \$9.5bn of real estate loans, \$4bn of which were non-performing.

Although the property market might have stopped falling, no return in sight. Developers are still folding and many banks have yet to tackle fully the costly problems of selling off repossessed properties. When rumours of First Republic's deepening troubles triggered a run, Mr Fronterhouse, his boss barely a year old, had to turn to Washington.

Yet, not all bankers are huddling behind closed doors trying to work out ways to survive. Many, through luck and better judgment, run institutions healthy enough to participate fully in Texas's general economic pick-up, which appeared to begin last summer. There is more to diversified Dallas than bombed-out real estate and shaky banks.

On St Patrick's day last Thursday, the Greater Dallas Chamber of Commerce hosted the area's "largest networking event" at the Cadillac Bar. The invitation read: "The luck of the Irish will be with you as you make new business contacts, meet old friends, welcome new members and guests and exchange business cards. (Being a good supply.)"

**GE raises Roper bid and sues Whirlpool**

BY OUR NEW YORK STAFF

THE FINANCIAL and legal battle for Roper, the US kitchen appliance and lawn mower manufacturer, continued apace yesterday with General Electric of the US raising its offer to \$54 a share, topping Whirlpool's latest offer by \$4 a share, and filing suits against both Whirlpool and the target company.

GE's latest offer values Georgia-based Roper at about \$507m compared with an initial offer of \$358m, or \$37.50 a share, from Whirlpool. The market, believing the stakes will rise further, pushed Roper's price up 1 1/4% to \$54 1/4 in brisk early trade.

Whirlpool, trying a legal tactic that paid off handsomely for Pennzoil in its multi-billion damages payment from Texaco over a disputed takeover, filed suit late last week against GE. It claimed that GE had illegally tried to persuade Roper to renege on its \$37.50 a share deal agreed with Whirlpool in late February.

GE said yesterday it had been fully within its rights subsequently to offer a higher price to Roper's shareholders who were not bound by the contract. The suit "grossly misstates the facts and was totally without legal merit," it said.

GE is fighting back by filing suits against Whirlpool and Roper to block their takeover deal. It claims that Roper's directors violated their fiduciary responsibilities by making no effort to test the negotiated price in the market, although they knew GE had previously expressed interest in Roper.

All these securities having been sold, this announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES AND FINANCE

Aga leads \$950m bid for hydropower group

BY SARA WEBB IN STOCKHOLM

AGA, THE Swedish industrial gas company, has joined forces with two Swedish forestry companies to bid SKr5.7bn (\$950m) for shares in Gräningsverken, a hydroelectric power and forestry company which is based in central Sweden.

If the consortium's offer succeeds, Aga has agreed to take over the hydropower operations so that its power division will be self-sufficient, while SCA and MoDo, the two forestry groups involved, will split the forestry interests.

Gräningsverken, which is on the unofficial brokers' list in Sweden, has annual sales of about SKr1.3bn and 1,150 employ-

ees. It consists of one pulp mill, two saw mills and high quality forests in central and northern Sweden adjacent to MoDo's and SCA's forests.

Its hydropower operations have annual invoicing of about SKr400m and operating income of SKr155m.

Aga's share of the deal amounts to SKr4.5bn. The group is keen to strengthen its power division, which accounts for about 10 per cent of group sales. Last year, the power operations showed profits, after financial items, of SKr150m on sales of SKr1.1bn.

"I believe in power as a long-term investment," said Mr

Marcus Storch, Aga's managing director. Sweden's electricity prices are set for a large increase next year and with the phasing out of nuclear power, the country is looking for alternative energy supplies.

The deal would allow Aga to become self-sufficient and more profitable in power production in central Sweden, where it serves about 100,000 customers in industry, private homes and the municipalities.

Aga plans to sell one third of Gräningsverken's energy resources to the state power board and will look for a sale-leaseback deal with the option of repurchasing its share so that it

can make a large capital gain on the transaction.

MoDo and SCA, two of the largest forestry companies in Sweden, are offering respectively SKr700m and SKr500m for their part of the deal, which consists of the forests and pulp and saw mills.

The deal will enable MoDo significantly to increase its self-sufficiency in wood from 35 per cent to 82 per cent and to cut back on buying wood from the most expensive suppliers in Sweden and abroad, which could mean a saving of SKr20m.

MoDo and SCA plan to close the pulp mill, which produces unbleached sulphite and mechan-

ical pulp, within a few years. Mechanical pulp production is energy-intensive and, as electricity prices are set to rise, the companies believe the mill would be costly to run and that it would be more profitable to use the timber for higher value-added products. The deal will mean a 5 per cent increase in forest land for SCA.

MoDo already has 10 per cent of the shares in Gräningsverken. The two main shareholders are Skanska, the construction and real estate group with 29 per cent, and the Nordin family with 24 per cent. Institutions hold 17 per cent and private shareholders have 20 per cent.

NEW INTEREST RATES

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7.50	£100,000+	5.64	N/A
4.32	Home Management Account	3.25	4.45
With effect from 19 April, 1988			
3.32	Save and Borrow	2.50	3.42



**Midland Bank**  
Midland Bank plc, 27 Foultry, London EC2P 2BX

SAS sells parcel unit to TNT

By Our Stockholm Staff

SCANDINAVIAN Airlines System (SAS) is selling its Air de Cologne parcel delivery service to TNT, the Australian transport group, as it no longer fits in with the airline's business strategy.

Air de Cologne, which SAS set up less than two years ago, has lost money since the start and SAS is not prepared to make the considerable investments necessary to keep it going.

The service, which delivers 2,500 packages a week and has grown by between 20 and 30 per cent per month, operates in Scandinavia and a few countries elsewhere in Europe.

Although SAS admits that the door-to-door delivery business is one of the fastest-growing segments of the air cargo market, it believes that it does not fit in well with the group's overall business strategy.

SAS recently had to make an out-of-court settlement for an advertising campaign run by Air de Cologne.

Hachette acquires mail order publisher

HACHETTE, THE French publisher, has acquired publisher Rombald from La Redoute, the mail-order group, writes Our Financial Staff. La Redoute declined to give the value of the acquisition. Rombald, which sells books by mail, achieved a net turnover of about FF140m (\$24.4m) in 1987.

Swedish builder tops forecast

BY OUR STOCKHOLM STAFF

ABV, SWEDEN'S second largest construction group which earlier this year emerged as a takeover target for Nordstjernan, the country's largest privately-owned company, reports doubled profits for 1987 and expects a further strong increase for 1988.

Profit after financial items rose to SKr228m (\$38.6m) last year, from SKr100m in 1986, surpassing the group's original forecasts. ABV said the increase is due to the higher demand for contract work in Sweden, and reduced losses related to its overseas activities.

The management said that with ABV's strong order intake and strengthened financial position, profits should continue to increase and reach SKr300m for 1988.

ABV's board, unions and main shareholders have so far indicated they are unwilling to accept Nordstjernan's SKr2.3bn bid for outstanding shares in the company, chiefly because they want ABV to remain independent, but also because of the difficulty of evaluating the terms of Nordstjernan's offer, details of which will emerge in a prospec-

tus due out in May. The board plans to reassess the bid.

Group turnover last year totalled SKr3.7bn, marginally up on the 1986 figure of SKr3.5bn. ABV has reduced its overseas turnover from SKr2.53bn to SKr1.79bn while raising domestic turnover. The board proposed raising the dividend from SKr4.3 to SKr5.3.

Profits from contract work in Sweden rose from SKr74m to SKr149m, while the losses for contract work abroad were reduced from SKr162m to SKr98m.

Cap Gemini plans to buy Data Logic

By Our Financial Staff

CAP GEMINI Sogefi, the French computer software group, will bid SKr200m (\$33.5m) to acquire Data Logic, Sweden's computer service group.

The Data Logic management has approved the offer, which is about 16 per cent above the current market value of the company. Data Logic made a pre-tax profit of SKr24.7m on turnover of SKr182m for 1987.

Cap Gemini posted a 38 per cent increase in 1987 group net profit to FF226m (\$46.4m) on turnover of FF46m. Data Logic, based in Stockholm, has a workforce of 300 and activities in Sweden, Norway, Denmark and Britain.

Arbed to fend off takeovers

By Our Financial Staff

ARBED, THE Luxembourg steel maker in which the state has a 30 per cent share, has devised a plan to protect the company from possible takeover bids. It involves establishing a majority of Luxembourg shareholders made up of the Government and a group of Luxembourg banks.

Together the banks and the state will be able to form a blocking majority in the company. Arbed's move appeared to be linked to the battle for control Société Générale de Belgique, Belgium's largest holding company which has a 25 per cent stake in the steel group.

Two Austrian banks show sharp increase

By Judy Dempsey in Vienna

TWO OF Austria's biggest banks have reported sharply higher profits for 1987 together with expanded balance sheets.

Spar-Casse, the third largest retail bank, said net profits increased by 98.5 per cent to Sch420.8m (\$96m) last year. It plans to pay a 12 per cent dividend. Liabilities capital ratio improved to 3.56 per cent, and the balance sheet total increased to Sch186.23bn.

Girozentrale, Austria's second largest bank, said net profits rose by 50 per cent to Sch277m and that it will pay a 10 per cent dividend.

Liabilities capital ratio moved up to 3.5 per cent and the balance total increased to Sch274.4bn.

Kelso begins tender offer for American Standard

BY RODERICK ORAM IN NEW YORK

KELSO, A New York specialist in leveraged buyouts, began a tender offer yesterday for American Standard with only a slim advantage on price and a grave disadvantage on timing compared with Black & Decker, its rival bidder for the US plumbing products group.

Shortly after Kelso announced its \$78 a share, \$2.5bn cash bid late last week, Black & Decker, the power tools group, increased its offer to \$77 a share.

Analysts believe American Standard's shareholders might be tempted to take the lower Black & Decker bid because it closes on April 15 compared with April 15 for Kelso's offer. Black & Decker may only get a bare majority of American Standard's shares but enough to win control.

Shareholders who tendered

early would be paid quickly, but those who waited until after Black & Decker won control would probably have to wait for payment until the deal had been consummated.

With such a slim gap between the two offers and the cost of money, arbitrageurs who hold a high percentage of the equity might decide it was not worth holding out for the Kelso offer. In addition, arbitrageurs are slightly apprehensive because this is the largest offer by far Kelso has ever made.

Kelso tried to tip the odds in its favour by saying at the weekend that it might be prepared to increase its offer if its tender met an inadequate response. But it took no immediate action to do so.

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We are pleased to have served our clients in the following recent transactions.

The Hongkong and Shanghai Banking Corporation

has acquired, through a wholly-owned subsidiary, all of the common stock not previously owned by it of

Marine Midland Banks, Inc.

We assisted in the negotiations and acted as financial advisor to The Hongkong and Shanghai Banking Corporation.

December, 1987

The Hongkong and Shanghai Banking Corporation

has acquired, through a wholly-owned subsidiary, a 14.9% equity interest in

Midland Bank PLC

We assisted in the negotiations and acted as financial advisor to The Hongkong and Shanghai Banking Corporation.

December, 1987

Equitable Bag Co., Inc.

has been acquired by an investor group organized by

Triangle Industries, Inc.

We assisted in the negotiations and acted as financial advisor to Equitable Bag Co., Inc. in this transaction.

January, 1988

AGIE Holding AG

through its wholly-owned subsidiary

ELOX Corporation

has acquired the ELOX Division of

Colt Industries

We assisted in the negotiations and acted as financial advisor to AGIE Holding AG.

January, 1988

Timeplex, Inc.

has been acquired by

Unisys Corporation

We initiated this transaction, assisted in the negotiations and acted as financial advisor to Timeplex, Inc.

January, 1988

**James D. Wolfensohn**  
Incorporated



INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Terms of Philip Morris deal seen as aggressive

BY CLARE PEARSON

MOST INTERNATIONAL bond markets eased yesterday in response to a sharp fall on Friday night in US Treasury bonds...

INTERNATIONAL BONDS

launch a bond for Philip Morris last Wednesday night and had not withdrawn the application until Friday night...

Zurich bank forms options offshoot

BY JOHN WICKS IN ZURICH

A NEW market for derivative financial instruments has been launched in Switzerland with the foundation in Zurich of Options and Futures (OZ), a company set up by BZ Bank Zurich...

calls and puts, will be tailored to Swiss markets. The main group of users are expected, at least initially, to be institutional investors...

Dealings to resume in French bid target

By George Graham in Paris

DEALINGS IN the shares of Télémeccanique, the French industrial automation company...

The reopening of dealings is expected to give Schneider, the electrical and construction group...

In Switzerland, prices were mostly unchanged in thin, directionless trading. A SP75m ten-year 4% per cent bond for Hummer Douglas closed its second day...

Deborah Hargreaves on the changing approach to 24-hour trading Hopes fade of Liffe-CBOT link

THE CHANCES of a planned link between the London International Financial Futures Exchange (Liffe) and the Chicago Board of Trade (CBOT) are looking slim...

"We've made it quite clear that a link with Liffe and extended morning trading hours are mutually exclusive," stresses Mr Michael Jenkins, Liffe chief executive...

running fairly smoothly after it set up Simex virtually from scratch and worked closely with the regulatory authorities in Singapore...

volume since its start just before October's crash. And a proposed tie-up between the Philadelphia Stock Exchange and the London Stock Exchange has been stymied by red tape...

The idea behind a link between two exchanges in different time zones is to extend the trading day by enabling a customer to open a position in one market and close it in the other without incurring two sets of transaction costs...

But the industry has yet to see any strong evidence that this kind of tie-up produces results. Even the Chicago Mercantile Exchange, which can at least claim a well-functioning link with the Singapore International Monetary Exchange...

Simex's total volume at around 8,000 contracts a month remains small by comparison with the CME's own volume of over 6m per month. The exchange acknowledged the link's limitations when it announced its agreement with Reuters to develop an automated trading system...

Mr Jenkins says Liffe has yielded on that point, although he believes cross-trades can be useful when a contract is not well-established and there is not much liquidity in the trading pit...

Extended hours With the CBOT poised to move ahead with an early morning session, possibly by the summer...

Indeed, the industry's experience of links has been generally happy, mainly because of the difficulties involved in ironing out regulatory differences between the two countries involved...

The link between the American Stock Exchange and Amsterdam's Euronext Options Exchange to trade options on the Major Market stock index contract has experienced dwindling volume...

Mr Jenkins says Liffe has yielded on that point, although he believes cross-trades can be useful when a contract is not well-established and there is not much liquidity in the trading pit...

US fund to groom companies for takeover

BY ANDREW BAXTER

PENSIONS FUNDS and other institutions in the US and Europe are being urged to invest in an unusual \$100m US limited partnership fund which aims to profit from preparing small US companies for sale to international corporate clients...

The result was that, following a takeover by European interests, new disciplines are wrongly imposed. The fund will attempt to use its accountancy contacts to buy potential takeover targets earlier than others would, after which there would be a "reconditioning" period of six to 24 months during which Emco would take senior executive positions...

At the same time, potential acquirers, contacted by merchant banks in the UK and continental Europe, will be "warmed up" for a purchase. Mr Barren said the current dollar weakness was producing an "awful lot of activity."

The fund will purchase traditional, middle-market companies with turnover of between \$30m and \$250m. Typically it will invest a 20-25 per cent equity stake in the purchase and would hope to have some 25 to 30 situations running concurrently...

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Issuer, Maturity, Bid, Offer, and Yield. Includes sections for US Dollar, Sterling, Deutsche Mark, Swiss Franc, and other currencies.

with the remainder in the hands of a consortium of Swiss institutional investors. Institutions have also underwritten a subordinated convertible loan of a further \$FR50m.

At the same time, OZ has introduced a new stock index, known as OZEX, as the basis for a new market for stock index options and financial futures.

The confusion surrounding the Télémeccanique bid battle has highlighted some of the gaps in the current French takeover rules, which the Finance Ministry is now considering amending.

Many bankers feel greater clarity is needed over purchases in the market while a bid is in progress, as well as over the obligations on a bidder who seeks less than 100 per cent of a company.

Printemps, the French department store group, yesterday announced the terms of its offer to buy a further 18.49 per cent of La Redoute, the mail order house, which would give it control. Printemps is offering five of its own shares for each of La Redoute's, with a cash alternative of FF2,650 a share.

The financing, a 10-year revolving credit, carries a margin of 30 basis points over London interbank offered rates and a commitment commission on the undrawn portion of 10 basis points. Syndication of the financing has been completed.

Westbury, a UK household-name consumer goods company in the West Midlands and South-West of England and South Wales, is raising £50m in a syndicated loan arranged by Midland Montagu.

It carries a three-year maturity and a margin on drawings of 62.5 basis points over Libor. It will help the company diversify its funding away from short-term uncommitted bank facilities and bilateral medium-term loans and will be syndicated among a fairly small group of UK and international banks.

Midland Montagu International said it completed syndication of a \$100m standby revolving credit for Home Federal Savings and Loan Association of the US. The three-year financing carried a facility fee of 15 basis points, a maximum margin of 15 basis points and allocation fees ranging from 2 1/2 to 5 basis points.

Unita Chemical of the United States is to make a second offering of 2.75m shares, \$60,000 of which will be sold in the international market. The shares, being sold by Prudential Insurance and E.F. Hutton, are being offered through Morgan Stanley International. The offer is expected to be made in early April.

Advertisement for New Zealand Steel Limited, featuring text about its 89% ordinary share interest and 100% preference share interest, and its financial services group.

Large advertisement for Samuel Montagu & Co. Limited, featuring the text 'Her Majesty the Queen in Right of New Zealand' and 'Equiticorp Holdings Limited', along with contact information for Butterfield Wilson Limited and Dominguez Barry Samuel Montagu Limited.

This announcement appears as a matter of record only February 1988



TÜRK EKONOMİ BANKASI A.Ş.

U.S. \$ 10,000,000

Pre-Export Finance Facility

- Arranged by American Express Bank GmbH
Provided by American Express Bank GmbH
Banco di Napoli
Bank für Oberösterreich und Salzburg
Commonwealth Bank of Australia
Deutsche Verkehrs-Kredit-Bank AG
Frankfurt Bukarest Bank AG
Standart Chartered Bank

AMERICAN EXPRESS BANK GmbH

SUTER

Summary of Results

Table with 4 columns: Year ended 31 December, 1987, 1986, and percentage change. Rows include Turnover, Profit before taxation, Profit after taxation, Earnings per share, and Dividends per Ordinary share.

The Chairman, Mr David Abell, reports
Another year of success for Suter, continuing the rapid progress made by the Group in meeting planned targets over the previous five years...

UNOCAL

U.S. \$200,000,000
Union Oil Company of California
Guaranteed Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending on 21st September, 1988 has been fixed at 7 1/2% per annum...



17th March, 1988 London Branch Agent Bank

Financière CSFB N.V.

U.S. \$150,000,000
Junior Guaranteed
Undated Floating Rate Notes
Guaranteed on a subordinated basis

Financière
Crédit Suisse-First Boston

Table with 2 columns: Interest Rate (7% per annum), Interest Period (21st March 1988, 21st June 1988), Interest Amount due (per U.S. \$ 5,000 Note, per U.S. \$100,000 Note).

Swiss Bank Corporation

The shareholders of our Institute are hereby advised of and invited to attend the 116th Annual General Meeting scheduled for 15.00 hours on Tuesday, 29th March 1988...

INTERNATIONAL COMPANIES AND FINANCE

A bout of bid fever in Australia

BY CHRIS SHERWELL IN SYDNEY

A FRESH bout of takeover fever has infected Australia's corporate sector, giving an added boost to the rising temperature on the local stock market.

The most prominent of these is last Thursday's A\$825m (US\$607.5m) bid by Sir Ron Barclay and Mr Kerry Packer for Mr Robert Holmes à Court's Bell Resources, which moved a step forward yesterday when Mr Holmes à Court agreed to withdraw his own plans for consolidating his corporate empire and cancel a Bell Resources shareholders' meeting set for tomorrow.

higher yesterday at A\$2.70. BHP said in January that it would divert itself of the company in order to recoup some of the borrowings involved in its recent A\$2.7bn restructuring.

The offer is conditional on approval by the Foreign Investment Review Board and 90 per cent acceptance.

Tooth is in turn controlled by Adelaide Steamship and its associate, the retailer David Jones. The bid values Tooth at almost A\$700m.

The overall result is likely to be an injection of cash into both Adelaide Steamship, which will accept the offer up to a maximum of half its Tooth stake, and David Jones, which is underwriting part of the rights issue.

tion group, announced a cash bid of A\$3.80 per share for the shares it does not already own in its Costain Australia subsidiary.

Currently, Costain owns 67 per cent of the Australian group, and the remaining shares will cost it A\$72.2m.

Interim loss for Wormald

WORMALD INTERNATIONAL, the Australian tire protection and security group which has undergone ownership upheavals in the last 2 1/2 years, said today an attributable loss of A\$4.8m (US\$3.6m) in its first half to December, Our Financial Staff writes.

Most of the deficit - which compares with 1986 interim profits of A\$12.4m - stemmed from a A\$4.7m extraordinary charge attributed mainly to write-offs on the sale of non-core businesses. It has omitted an interim dividend, whereas

MISC tops earnings forecast

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN INTERNATIONAL Shipping Corporation yesterday reported a 19 per cent increase in pre-tax profits to 288.3m ringgit (\$111.7m) last year, easily surpassing the 25m ringgit profit forecast.

Net earnings per share were given as 57.3 cents compared with 52.9 cents, but the decline reflects the issue of new equity at the time of the MISC flotation.

Share-crash hits OUB

BY OUR FINANCIAL STAFF

OVERSEAS UNION Bank (OUB), the smallest of Singapore's Big Four banking groups, showed a 4.5 per cent fall in net profits last year to S\$94.17m (US\$16.94m) and blamed the setback on the October stock market crash.

At the bank alone, 1987 net profits fell by more than a third to S\$20.8m after diminution in the value of assets and minority interests.

NOTICE OF REDEMPTION

US\$200,000,000 MANUFACTURERS HANOVER OVERSEAS CAPITAL CORPORATION 14 1/2 % Guaranteed Notes due May 15, 1989

NOTICE IS HEREBY GIVEN to the holders of the above outstanding Notes that pursuant to the provisions of Section 4(c) of the Fiscal Agency Agreement dated as of May 15, 1982...

Sharp fall at Singapore Land

SINGAPORE LAND has reported net profits down 52 per cent to S\$1.8m (US\$0.5m) in the six months to February from S\$10.2m, AP-ND reports.

Rents have firmed in recent months but the company said the improvement would be offset by lower income from tenants renewing old leases, and second-half results are expected to be little changed.

CREDIT NATIONAL 2100,000,000 Guaranteed Floating Rate Notes 1995 Unconditionally guaranteed as to payment of principal and interest by THE REPUBLIC OF FRANCE

NOTICE OF PREPAYMENT

CAJA DE MADRID C.A. DE AHORROS Y CREDITO FINANCIERO S.A. US\$20,000,000 Negotiable Floating Rate Non London Dollar Certificates of Deposit due 8th May 1989

Malaysia U.S. \$600,000,000

Floating Rate Notes due 2015 For the six month period 15th October, 1987 to 15th April, 1988 the amount payable per U.S. \$10,000 Note will be U.S. \$392.33.

Citicorp Finance PLC £150,000,000

Guaranteed Floating Rate Notes Due December 1997 Unconditionally Guaranteed by CITICORP

City of Santos (Brazil) 7% Consolidation Sterling Loan of 1972 Plan A

Shareholders of the above-mentioned Company Holding Warrants requiring new coupon sheets with coupon No. 121-180 (inclusive) in denominations of Pounds Sterling 20, 100, and 500 - must lodge their warrants with Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX - to be left for re-couponing.

US\$250,000,000 ML TRUST XVI

Collateralized Mortgage Obligations Floater Class A Bonds

In accordance with the provisions of the Bonds, notice is hereby given that the Rate of Interest has been fixed at 7 1/2% for the fourth Floater Interest Period of 20th March 1988 through to 19th June 1988.





UK COMPANY NEWS

Suter on target with profit surge of 79%

BY MICHAEL SMITH

Suter, the engineering and distribution conglomerate, yesterday unveiled a 79 per cent increase in 1987 pre-tax profits and a 44 per cent rise in earnings per share.

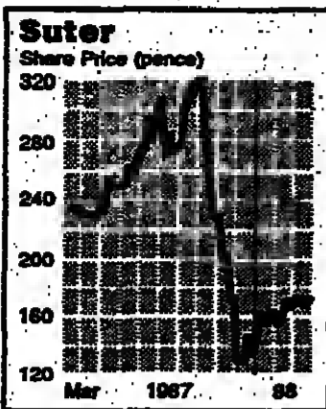
Mr David Abell, chairman, said results for the first two months of this year were excellent. The company was in line to achieve its target of increasing earnings by at least 25 per cent annually.

Pre-tax profits of £26.7m (£14.9m) were struck on turnover of £190.4m (up 42 per cent from £134.4m). Earnings were 17.7p (12.2p) and the full year dividend was lifted to 5p (4.2p).

The results were broadly in line with expectations and the shares remained in the depressed state they have been in following a Channel Four programme on insider trading which is the subject of legal action.

Mr Abell said the company had instituted a system whereby directors reported personal dealings in shares to its merchant bank Robert Fleming.

He knew of no inquiries by the Stock Exchange and the Department of Trade and Industry into Suter. In 1987 distribution contributed



**Suter** (Share Price (pence))

£5m (£2.5m), the industrial group £3.8m (£6.2m), property £2.3m (£2.2m), related companies £3.1m (£1.5m) and corporate activities, including share dealing, £8.2m (£1.9m).

Excluding Mitchell Cotts, which was bought in July and contributed £2.8m, pre-tax profits grew 80 per cent.

Mr Abell said the accounts had been drawn up prudently. The company had excluded about £400,000 of profits earned in Africa because there could be

problems with remittances.

comment

From a purely industrial view there is little here to fault Suter. Profits were inflated by the exceptionally high profits from share dealing but, even after stripping these out, organic growth was still running at above 20 per cent. Margins continue to improve. In distribution they rose from 14 per cent to 18 per cent if Mitchell Cotts is excluded - and in future a more sophisticated approach to property management should help compensate for any downturn in corporate activity profits. Investors remain unimpressed. Assuming pre-tax profits £27m, the shares are trading on a p/e of about 8. The caution reflects concern that Suter may be planning a bid for the highly geared Newsum industries. But the main deterrent is the cloud cast by the Channel Four allegations, which seems unlikely to lift for perhaps as long as two years. The shares are not expensive but the scope for them outperforming the market in the immediate future is limited.

Acquisitions boost Hickson

BY ANDREW HILL

Hickson International, chemicals, timber protection and merchant distributor group, increased pre-tax profits by 33 per cent to £20.1m for the year to December 31 1987, against £15.1m in 1986.

Six companies bought during 1987 contributed profits of about £3.5m before tax and the group said buoyant demand for Hickson products, continuing lower oil prices and the stability of the pound against the deutschmark also boosted profits. Group turnover rose to £224m (£161m).

Mr John Marvin, managing director, said Hickson was still interested in further acquisitions in the US, both in timber protection and in chemicals.

Last year three acquisitions in the merchant distributor division, which Hickson claims is now the largest UK distributor of contract floor covering materials, helped double the sector's pre-tax profits to £4.12m (£2.03m), and sales increased to £80.8m (£35.8m).

Mr Marvin said the sector would maintain or perhaps

increase last year's 26 per cent (22 per cent) share of group turnover, improving the balance of the whole company.

In the timber protection division, July's £17m purchase of Saverlack, Italian lacquer company, contributed to a 73 per cent increase in profits to £4.8m (£2.7m) before tax. The group expects profits at the Italian company to top £1m after tax this year.

The share of turnover held by the chemicals division dropped from about half in 1986 to 36 per cent last year, although sales were up to £87.3m (£80.6m) and profits increased to £12.2m (£10.2m).

Earnings per share at Hickson increased to 16p (12.1p) and the board is recommending a final dividend of 4p, making an adjusted 5.625p (4.375p) for the year.

An extraordinary gain of £2.74m included a £1.6m profit on the disposal of Hickson's dye-stuffs subsidiary, and £1m made on the sale of a South African site.

comment

The volatile early 1980s, when chemicals decided Hickson's fate, have given way to more peaceful times, but the group is still vulnerable to a shift in demand for its products, hence the sensible expansion of its distribution arm. Rapid processing of stock makes this a low-risk business, albeit with low margins to match, and elsewhere Hickson is well protected from currency fluctuations. More positively, the company is prepared to make further acquisitions; gearing is about 10.5 per cent, and the group would be happy with 35 per cent, or higher in the short term. Extensive borrowing facilities make even larger purchases possible, but Hickson would perhaps do better to consolidate existing businesses and concentrate on growth in earnings per share. Analysts expect a slightly quieter year, with profits rising to about £23.5m. Yesterday the shares slipped 1p to 179p, on prospective p/e of about 8.5 they look reasonably attractive in the medium term.

Garton Eng. surges

Garton Engineering pre-tax profits for 1987 surged from £621,000 to £803,000. Mr Andrey Garton, chairman, said the result had been achieved due to the continuing high level of demand.

An increased final dividend of 3.75p is recommended, making 5p (4p) for the year.

Spectrum in black

Spectrum Group, USM-quoted computer and computer supplies distributor, swung back into profit in the six months to December 31 1987. The figure was a modest £15,000 but compared with losses of £295,000 in the corresponding period, and losses of £477,000 in the year to June 30.

W A Tyzack's sharp rise

BY NIKKI TAIT

W. A. Tyzack, the Sheffield-based engineering group where new management moved in recently, unveiled a sharp increase in first-half pre-tax profits yesterday, up from £152,000 to £258,000.

The figure for the six months to end-January is scored on a sales boost from £4.51m to £3.8m, and partially reflects two acquisitions - Spencer & Halstead and Pangborn Europe. Both manufacture and install blast-cleaning equipment and made a three-month contribution. At the sales level, Tyzack estimates that they slipped in around £2m, and at the pre-tax level, around £350,000. In the second half, the com-

pany will also have around four months benefit from two more recent purchases - neighbouring engineering business, Tyzack Turner Limited, and Hamburg-based blast cleaning equipment manufacturer, Alfred Gutmann.

At the earnings per share level, the first half saw an improvement from 1.6p to 3.2p. This comes after a 30.5 per cent tax-equivalent to £283,000 although Tyzack says it hopes the full year charge will be somewhat lower at around 37 per cent. Interest charges had virtually no impact in the first half, although gearing after the TTL and Gutmann deals will stand at around 30 per cent. There is an interim dividend of 1p (0.8p).

Metalrax growth continues to £5.1m

Metalrax Group, Birmingham-based specialist engineers achieved another profits increase in the year to end-December 1987. The taxable figure rose from £4.16m to £5.06m on turnover up 15 per cent from £38.79m to £45.67m due to improved margins.

All-round growth boosts Alba by 30%

Alba, in its first figures since coming to the market in October, reported healthy pre-tax profits of £2.98m, up 30 per cent on the comparable £2.28m. Turnover for the six months to the end of December 1987 was 35 per cent higher at £27.7m, against £20.55m.

Earnings per 10p share came out at 7.61p (6.1p) and there is an initial interim dividend of 1.5p.

Mr John Harris, chairman, said that all divisions had performed well. For the present six months he said that business continued at a satisfactory level.

James Halstead profits growth

James Halstead, floor coverings and protective clothing company, has lifted pre-tax profit by 25 per cent to £2.5m for the half year to December 31 1987.

Turnover at £22.8m was up 13 per cent, and earnings per 10p share improved by 24 per cent to 15p. The interim dividend was lifted at 3.25p compared with 2.5p.

BHH to pay dividend on strong result

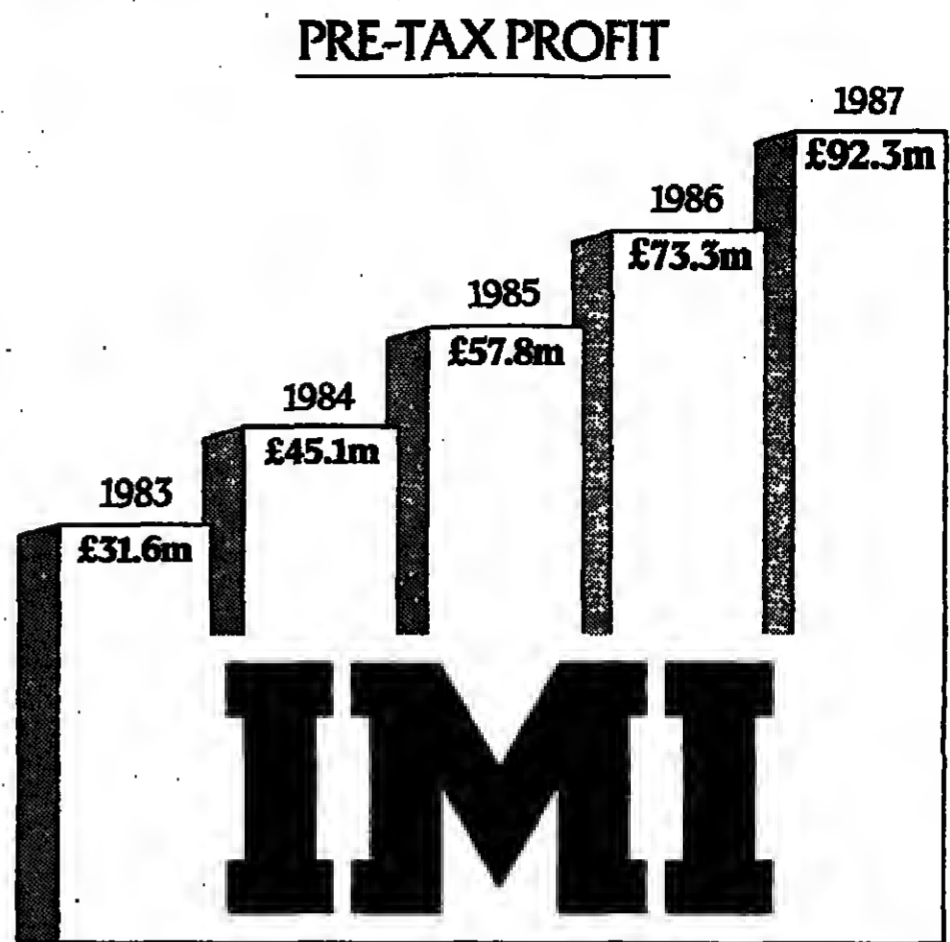
BHH Group, formerly known as Berkeley and Bay Hill Investments, more than tripled pre-tax profits in 1987 from £211,000 to £2.4m.

Earnings per 10p share increased 50 per cent from 2.6p to 5.4p and a first ever dividend was declared of 1.25p.

The group, which is involved in property development, investment, construction and management, almost tripled turnover from £7.1m to £20.15m.

Pifco rises 24%

Pifco Holdings, Manchester-based small electrical appliance manufacturer, raised pre-tax profits 24 per cent for the six months to October 31 1987 from £306,000 to £382,000. Earnings per 20p share came out at 10p (7.9p). The directors declared an interim dividend of 3p (2.5p).



1987. Continuing the strong growth of the last five years.

PROFITS up 26% to £92.3 million before tax  
EARNINGS per share up 12.3% to 19.2p  
DIVIDEND per share up 17% to 7p

THE FUTURE

Sir Robert Clark, Chairman reports: "Your Board continues to be optimistic for the future. The breadth of our product portfolio combined with the strength of our Balance Sheet means we are well placed to develop both from within and by acquisition."

SUMMARY OF RESULTS table with columns for 1986, 1987, and % increase. Rows include Turnover, Profit before taxation, Earnings applicable to shareholders, Earnings per share, Dividend per share, Return on net tangible assets, and Gearing.



BUILDING PRODUCTS, DRINKS DISPENSE, FLUID CONTROL, SPECIAL ENGINEERING, REFINED AND WROUGHT METALS

The Annual Report which contains a comprehensive review of IMI's activities will be published on 20th April. If you would like a copy please complete the coupon: TO: THE SECRETARY, IMI plc, P.O. BOX 216, BIRMINGHAM B6 7BA. Please send me a copy of the Annual Report.

Ocean Transport & Trading plc Liverpool, UK has acquired through its wholly-owned subsidiary McGregor Cory Cargo Services GmbH Hamburg, West Germany 100% of SPELA Spedition- und Lagerhausgesellschaft Hilbrenner GmbH & Co. KG Bielefeld, West Germany.

WestLB Mergers & Acquisitions initiated this transaction as advisors to Ocean Transport & Trading plc, assisted in structuring the takeover concept and participated in the negotiations leading to the deal. WestLB Westdeutsche Landesbank Girozentrale Düsseldorf Münster March 1988 Branches: London New York Tokyo Hong Kong Subsidiaries: WestLB International S.A., Luxembourg Banque Franco-Allemande S.A., Paris Bank für Kredit und Aussenhandel AG, Zurich Representative Offices: Beijing Melbourne Moskow Osaka Rio de Janeiro Tokyo Toronto

UK COMPANY NEWS

Kwik-Fit pushes ahead 44% to finish at £16m

BY FIONA THOMPSON

Kwik-Fit Holdings, the automotive spares specialist, increased pre-tax profits by 44 per cent to £16m for the year to February 28 1988. The advance from £11.11m was made on turnover up 22 per cent to £126.5m (£102.59m). Earnings per share rose from 8.98p to 12.1p.

on brakes training courses," said Mr Farmer. Training is a top priority at Kwik-Fit and £750,000 was spent on it in the year. Last year the company launched a specialist fleet division, Kwik-Fit Fleet. "An estimated £150m-plus is spent on tyres and exhausts for company cars each year, and we are capturing an increasing share of the market," said Mr Farmer. Child safety centres have been established at 139 outlets, where child seats and other safety restraint products are sold and fitted.

comment

When a member of the public dances your company jingle on That's Life, and you get a complimentary mention in Hansard, you know your £3m advertising budget is money well spent. To Tom Farmer, his company's success in getting away from the "back street cowboy" image of motor mechanics is as important as his high-kicking profits. Kwik-Fit has 28 per cent of the UK exhaust market, 12 per cent of tyres, and aims to take an increasing share of the brakes, oil, battery and MOT businesses. With a UK motor after-care market worth £2bn, the sky is the limit for growth. This year should see an expansion of its UK fleet business and overseas outlets, possibly in France. The shares closed up at 194p last night. At £20m for this year, the prospective p/e is a soundly-based 13, given the earnings growth.

Another strong year for Spring Ram

BY PHILIP COGGAN

Spring Ram, bathroom and kitchen equipment manufacturer, has recorded another year of bumper profits. Pre-tax profits for the year to January 3 1988 increased 52 per cent from £7.01m to £10.67m and earnings per share more than doubled from 5.3p to 11.7p, thanks to a lower tax charge.

comment

Spring Ram's growth has been so rapid that its results are virtually beyond criticism. It has strong positions in several UK markets - 24 per cent of baths, 40 per cent of non-metal sinks - and demand for the products that it sells and for home improvements in general seems to be improving in leaps and bounds. The balance sheet is solid, growth is virtually all organic and the company continues to invest heavily for the future. However, Spring Ram has been a high flying stock for so long that even these figures failed to impress the market, which pushed the shares up just 1p to 191p. Part of the reason is that next year's earnings per share growth will be limited by the rise in the tax charge; another factor may be caution about the Budget changes on home improvements, despite the company's professed lack of concern. However, the crash has knocked some of the wildest optimism out of the share price (it reached 286p in July) and assuming £16m for the full year, the company's record probably deserves the prospective p/e of 14.5.

Spurs back into profit at halftime with £1.6m

BY PHILIP COGGAN

A TRANSFER fee surplus helped Tottenham Hotspur, the only quoted football club, to move into the black in the first half with interim profits reaching £1.62m against a loss of £1.18m in the first period of last year.

The bulk of Kwik-Fit's business is exhausts and tyres - 45 per cent of sales each - though the company is continuing its expansion into add-on services such as brakes, steering, batteries and oil and filter changes. "We plan to really boost our brakes business this year and 450 staff have gone

All-round growth lifts Pressac

By Dominique Jackson

Pressac Holdings, electro-mechanical component manufacturer and precision engineer, yesterday reported pre-tax profits up 44 per cent from £1.04m to £1.5m on turnover up from £13.1m to £15.5m for the six months to January 31 1988.

The directors have declared an interim dividend of 0.5p (0.425p). Mr John Wagstaff, chairman, said, "The excellent growth pattern achieved over the last three years has continued." He said all divisions performed well.

Mr Geoff White, finance director, said the company had not detected any signs of a reported downturn in the US automotive industry.

In the longer term, the directors expected most significant growth to be registered by the company's telecommunications division.

Linread rises to £2.26m

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

Linread, the Birmingham-based engineering group, yesterday reported another year of recovery from its heavy losses in 1983 with pre-tax profits rising by 65 per cent from a restated £1.36m to £2.26m for the year to last December.

Earnings per share advanced by a relatively modest 16 per cent from 10.78p to 12.47p, reflecting a sharp increase in the tax charge from £295,000 to £314,000 and the issue of shares to finance acquisitions.

A final dividend of 2.5p is proposed, making 3.75p for the year compared with 3p. The group's main activity is making cold forged fasteners for the aircraft and motor industries, but two acquisitions during 1987

Warne Wright Engineering and North Bridge - have taken it into precision engineering. Turnover rose from £24.1m to £34.6m, trading profit from £1.78m to £2.97m.

Barry Wehmiller

Strong growth continued at Barry Wehmiller International in the six months to January 31 1987. This specialist packaging equipment group raised pre-tax profits by 37 per cent from £1.57m to £2.15m on turnover up from £12.84m to £14.5m. An interim dividend of 1.5p (nil) is declared on earnings per share of 7.5p (6.8p). The tax charge more than doubled from £182,000 to £448,000.

PRIEST MARIANS HOLDINGS PLC
£63,650,000 Deep Discount Loan Facility
Arranged by Samuel Montagu & Co. Limited
Underwritten by Canadian Imperial Bank of Commerce, The Sumitomo Bank, Limited
Provided by Canadian Imperial Bank of Commerce, The Industrial Bank of Japan, Limited, Standard Chartered Bank, The Sumitomo Bank, Limited, State Bank of South Australia, Crédit Commercial de France, Banque Française du Commerce Extérieur, Sarmel Montagu & Co. Limited, The Sanwa Bank, Limited
Agent Samuel Montagu & Co. Limited
March, 1988

Hongkong Land

- HIGHLIGHTS
Profit after taxation and minority interests + 20%
Earnings per share + 16%
Dividends per share + 26%
Net asset value per share + 17%
Portfolio 96% leased
No 9 Ice House Street under redevelopment
Preferred ordinary shares to be converted

1987 RESULTS

Table with 3 columns: Item, 1987 HK\$, 1986 HK\$. Rows include Profit after taxation and minority interests, Earnings per share, Dividends per share (ordinary and preference), Net borrowings, Shareholders' funds, Net asset value per share.

The Registers of Members will be closed from 13th to 25th April 1988 (inclusive). In order to qualify for the ordinary final dividend which, if approved at the Annual General Meeting to be held on 8th June 1988, will be payable together with the preferred ordinary final dividend on 8th June 1988, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars for registration no later than 4:00 p.m. Tuesday, 12th April 1988.

The Hongkong Land Company Ltd
One Exchange Square, Hong Kong

A member of the Jardine Matheson Group

ASD pays £7m for distributor

By Andrew Hill

ASD, steel stockholding and distribution group, is broadening its distribution activities with the purchase of Robert Frazer, private distributor of industrial products, for £7m in cash or loan notes.

ASD, the UK's third largest steel stockholding group, announced pre-tax profits up 33 per cent to £3.24m (£2.43m) for the year to December 31, on sales of £36.2m (£31.2m).

The USM-quoted company said about 17 per cent of turnover last year was generated by recent acquisitions. The results reflected improved market conditions and the buoyancy of the construction industry.

The tax charge was down from 32 per cent to 21.3 per cent because of tax losses, and earnings per share increased 54 per cent to 85.5p (23.1p). A final dividend of 5p is recommended, making 8.5p (8.5p) for the full year.

In the year to October, Robert Frazer made pre-tax profits of £910,000 on turnover of £19.5m.

SHARE STAKES

Changes in share stakes announced during the past week include:

Ocean Wilson Elder: The Al-Dahlawi company of Jeddah is interested in 4.11m ordinary shares (10.36 per cent).

Case Group: Gandalf Technologies of Canada, holds 3.44m ordinary shares (8.38 per cent).

Boosey & Hawtorn: Windjammer, wholly-owned subsidiary of Filutrex, has acquired a further 27,500 shares and now holds 372,500 (8.48 per cent).

John Haggas: Mr J B Haggas, director, has acquired 337,000 ordinary shares at 148p per share. He is now interested in 5.66m ordinary shares.

THE SCOTTISH LIFE ASSURANCE COMPANY
Notice is hereby given that the 107th Annual General Meeting of the Company will be held within the Headquarters at Andrew Square, Edinburgh, on Tuesday 19th April 1988 at 12 noon. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. The proxy need not be a member of the Company. There are no contracts of service between the Company and any Director. G H MURRAY Chief General Manager

W. LOW & COMPANY PLC
Issue of 32,662,857 6.75 per cent cumulative convertible redeemable preference shares of £1 each at par
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

WESTBURY plc
£50,000,000 Revolving Loan Facility
Arranged by Samuel Montagu & Co. Limited
Provided by Midland Bank plc, TSB England & Wales plc, Algemeene Bank Nederland N.V., Banco di Roma, The Bank of Tokyo, Ltd., Den Danske Bank, National Westminster Bank PLC, J. Henry Schroder Wagg & Co. Limited, S.F.E. Bank Limited
Agent Samuel Montagu & Co. Limited
March, 1988

LAW

Brandy trade mark ruling set aside

NG CHYE MONG PTE LTD v PUBLIC PROSECUTOR High Court of Singapore. Mr Justice Loo J. Chan Sek Keong. February 29 1988. A TRADE MARK is a symbol of the origin of goods and is not counterfeit, though printed on labels without the proprietor's consent, if there is no intent to deceive the public as to the genuineness of goods to which it is affixed...

was prohibited under section 69D of the Trade Marks Act. The act of using the trade mark to pass off goods not manufactured by its proprietor, but the act of deceiving customers into believing it was affixed by the proprietor. On the present appeal Mr Lightman for the company submitted that section 69D should be construed to reinforce and support the civil law rights of trade mark owners...

or ceased to do so, he lost the right to the mark. In the Indian cases very persuasive authority on the meaning of "counterfeit trade marks" in section 69D, decided as they were on provisions corresponding to those in the Singapore Act. The statutory definition did not go beyond the ordinary or dictionary meaning of "counterfeit". The construction given by the Indian courts to section 496 of the Penal Code was consistent with and gave effect to the fundamental nature and function of a trade mark...

It followed that for a charge to be made out under section 69D, the prosecution must prove that the trade mark had been affixed or impressed to goods without the trade mark owner's consent, so as to deceive customers into believing they were genuine (ie, originating from the owners of the trade mark), when they were not. The prosecution had not produced any evidence to prove that the bottles did not contain Hennessy brandy. No test was conducted. The magistrate had decided such evidence was irrelevant and disallowed the company's application to have the contents tested.

It took delivery. Before paying it sought the assistance of the producer, Hennessy Co, to verify the authenticity of the labels. Experts were sent from France. After detailed analysis of the paper, the dye and other features, it was concluded that they were not Hennessy labels. On May 23 1987 the company was convicted in the magistrate's court of selling 17,246 bottles bearing counterfeit trade marks of Hennessy XO Cognac contrary to section 69D of the Trade Marks Act. The magistrate imposed the maximum fine of \$5,000, and ordered that the 17,246 bottles be forfeited for destruction. The company appealed against conviction and sentence.

The number of inconveniences caused to the public by such a law without any corresponding public interest to protect could be multiplied manifold. At common law a person might copy a trade mark or print labels containing the mark, provided he did so without intending to pass off infringing goods as having been manufactured by the trade mark owner. In trade mark law a proprietor's right was not a right to own the mark as a commodity. It was a right to use it on goods to indicate their origin. The mark was used in the course of trade to distinguish the goods of its proprietor from those of other manufacturers.

Section 69D first appeared in Singapore in 1871 in a different form as section 496 of the Penal Code, Ordinance No IV 1871. That Penal Code was a re-enactment of the Indian Penal Code of 1860. Section 28 of the Penal Code defined "counterfeit". The definition required an intention to deceive, and an act of deception. The section was relevant for the purpose of interpreting the meaning of "counterfeit trade mark" in section 69D, because of the historical connection. It confirmed the ordinary meaning of counterfeit as "to imitate (with intention to deceive)" in the Shorter Oxford Dictionary 3rd ed. In the Indian decision Dina Nath Kapoor 1963 (1) LJ 282 it was said with regard to section 28 that "if a trade mark of a company is put on an article belonging to or manufactured by that company, then the trade mark is not counterfeit".

And in Sumat Prasad [1972] AIR SC 2488 it was said that for the purpose of section 496 of the Indian Penal Code, the complainant had to establish that goods had been sold "having a mark calculated to cause it to be believed", that they were manufactured by the complainant. The Indian cases very persuasive authority on the meaning of "counterfeit trade marks" in section 69D, decided as they were on provisions corresponding to those in the Singapore Act. The statutory definition did not go beyond the ordinary or dictionary meaning of "counterfeit". The construction given by the Indian courts to section 496 of the Penal Code was consistent with and gave effect to the fundamental nature and function of a trade mark...

Section 69D of the Act provided that any person who sold goods "with a counterfeit trade mark" was guilty of an offence. Section 69B provided that a person counterfeited a trade mark if "without the consent of the proprietor" he made a mark "calculated to deceive". Having regard to section 69B, the magistrate held that a trade mark was deemed to be counterfeit if made without the consent of the proprietor. He was of the view that what

was prohibited under section 69D was not the act of using the trade mark to pass off goods not manufactured by its proprietor, but the act of deceiving customers into believing it was affixed by the proprietor. On the present appeal Mr Lightman for the company submitted that section 69D should be construed to reinforce and support the civil law rights of trade mark owners, rather than to create additional rights in their favour through the medium of the criminal law. In other words, it was argued, "counterfeit trade mark" should be construed to mean a mark used or intended to be used on infringing, not genuine, goods. The Deputy Public Prosecutor supported the magistrate's decision. He contended that section 69D was plain, and that "counterfeit trade mark" referred to the mark itself and not the goods.

That approach was very persuasive. It gave the same protection to trade mark owners as was given by civil law. If the product was genuine there was no deception of consumers, even if the mark was affixed without the proprietor's consent. The construction gave effect to the fundamental nature of a trade mark, as a symbol of the origin of the goods. On that construction a trade mark applied to genuine goods without the proprietor's consent was not a counterfeit trade mark, because it could not deceive customers into believing the goods were what the trade mark indicated. On the same basis, the genuineness of the mark within section 69D was not determined by whether it was affixed by or with the authority of the manufacturer of the relevant goods, but by whether it indicated that the goods were those of the manufacturer.

Section 69D first appeared in Singapore in 1871 in a different form as section 496 of the Penal Code, Ordinance No IV 1871. That Penal Code was a re-enactment of the Indian Penal Code of 1860. Section 28 of the Penal Code defined "counterfeit". The definition required an intention to deceive, and an act of deception. The section was relevant for the purpose of interpreting the meaning of "counterfeit trade mark" in section 69D, because of the historical connection. It confirmed the ordinary meaning of counterfeit as "to imitate (with intention to deceive)" in the Shorter Oxford Dictionary 3rd ed. In the Indian decision Dina Nath Kapoor 1963 (1) LJ 282 it was said with regard to section 28 that "if a trade mark of a company is put on an article belonging to or manufactured by that company, then the trade mark is not counterfeit". And in Sumat Prasad [1972] AIR SC 2488 it was said that for the purpose of section 496 of the Indian Penal Code, the complainant had to establish that goods had been sold "having a mark calculated to cause it to be believed", that they were manufactured by the complainant.

Rachel Davies Barrister

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maxell MD2-HD MF2-DD MF2-HD 2.0/1.6MB Tough Company As computers and word processor have become more compact, as the number of applications for them has grown, the places where they are used have become more varied. Maxell developed the RD Series Floppy Disks specifically to cope with the vagaries of today's new computing environments. Super Cross-Linkage binders; High Energy magnetic particles, and other technological firsts, give these floppy disks durability, signal-to-noise ratios, and resistance to environmental extremes which exceed conventional floppy standards by far. Now, when using a computer where it's clean, or dirty, when it's hot, or even when you should be wearing mittens, you can count on Maxell's RD Series for superior performance. No matter what the atmosphere or who the company, your data is safer with Maxell. maxell. When every bit counts, it's Maxell.

Businesses-Wanted

SPECIALIST PACKAGING COMPANY Our client is a well respected and fast growing quoted public company. As part of their expansion strategy they wish to acquire a business involved in specialist packaging or printing which will complement their existing activities in these areas. The company sought should preferably have a good financial record and a successful management team. For further details please contact: Paul Mitchell, Rickitt Mitchell & Partners Limited, Clarence House, Clarence Street, Manchester M2 4DW

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COMPANIES WANTED Group with a very successful background of growth and acquisitions seeks further opportunities. We are particularly interested in companies with a pre-tax profit in the range of £100,000 to £1,000,000 in the following fields: Paper and Packaging, Specialist Chemicals, Engineering, Health Care and Agricultural Machinery. We will consider purchasing either a majority stake or 100% and would like existing management to join our team. Please reply to Box H3222, Financial Times, 10 Cannon Street, London EC4P 4BY

SERVICE COMPANIES We are a large multi-national Company who plan to expand our service activities into the U.K. Our largest Groups are companies working in the Industrial/Commercial Sector who service and maintain Electrical, Mechanical, Refrigeration, Heating and Ventilation Equipment through mobile service teams. We are prepared to purchase companies outright but could also be interested in financing new ideas or expansion plans. If you would like to talk to us please write in strictest confidence to Box H3277, Financial Times, 10 Cannon Street, London EC4P 4BY

WANTED A UK Company, the highly profitable subsidiary of a quoted PLC is interested in acquiring businesses operating in the following areas: Marking and coding related to line and construction marking, safety including personal and site safety, institutional safety and hygiene, pollution control. Site maintenance preferably related to chemical based products. Profitable businesses with a turnover above £2 million are preferred. Please reply in confidence to Box H3287, Financial Times, 10 Cannon Street, London EC4P 4BY

ELECTRICAL ENGINEERING Electrical Power Engineering, Manufacture, Installation, Rewind, Repair and Overhauling Company seeks to acquire similar or compatible businesses in North or Midlands. Only Principals of well managed, profitable companies with turnover in region £1 million need apply. Send full details to Box H3276, Financial Times, 10 Cannon Street, London EC4P 4BY

WANTED TO ACQUIRE Sizable private company engaged in either: \* Staff/Executive Recruitment \* Specialized Marketing or Management Consultancy \* Advertising/PR or Travel Agency \* Niche Financial Services. Answers treated in strict confidence by SIGMA CORPORATE RESOURCES LTD 35 Piccadilly London W1V 9PB Tel: 01-639 6671

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MANUFACTURING - WANTED - PLC family controlled offers Partnership with like-minded family leading to wider industrial base and sharing control. Essential for shareholders to be working proprietors for the long term or handing over to next generation. Ideally should be located North of England. Principals only please write to: Box H3281, Financial Times, 10 Cannon Street, London EC4P 4BY

LUBRICANT COMPANIES WANTED A successful West Midlands Engineering PLC group, wishes to enhance its rapidly expanding Lubricants Company, by acquiring distributors and blenders of lubricants and/or associated products. Outline the value of your company, and where mutually agreeable continue to run the business and benefit from its future growth. Please reply in strictest confidence to the Chairman, Box H3268, Financial Times, 10 Cannon Street, London EC4P 4BY

Companies Wanted. Substantial private, decentralised group seeks investment opportunities to either complement our packaging and plastic manufacturing and marketing interests or form the basis for a new Group activity. Companies with pre-tax profits up to £1 million are preferred, although we would not exclude companies in their early development stage. Reply in confidence to Box H3266, Financial Times, 10 Cannon Street, London EC4P 4BY.

BRITISH GAS SHAREHOLDERS: REMEMBER YOUR FINAL PAYMENT IS DUE SOON.

Any day now you should get a payment notice telling you how much you've got left to pay on your British Gas Shares. After sending off your cheque, all you have to do is wait for your receipted document. A final Share Certificate will be sent to you in due course. Just put it in the pre-addressed envelope with a cheque for the right amount and post it back to us. Your final payment should be received by 19th April. Meanwhile, if you have any problems phone us on the Share Enquiry Line - 0272 373 373. The lines are open 8am to 8pm every day. British Gas Share Offer ISSUED ON BEHALF OF NATIONAL WESTMINSTER BANK PLC AS REGISTRAR AND CUSTODIAN BANK.

COMMODITIES AND AGRICULTURE

Cash nickel up \$1,000 a tonne

BY KENNETH GOODING, MINING CORRESPONDENT

THE CASH price of nickel soared to a record \$7.48 a lb or \$16,500 a tonne yesterday morning on the London Metal Exchange following news that the rapidly-disappearing stocks of the metal had fallen again...

Soviet pact hopes boost Chicago maize and soya

BY NANCY DUNNE IN WASHINGTON

MAIZE AND SOYABEAN prices were up sharply in early trading on the Chicago Board of Trade yesterday after US and Soviet negotiators, meeting in Washington Saturday, expressed optimism after the first round of negotiations towards a new long term grain agreement...

Chernobyl curbs remain

RESTRICTIONS on the movement and slaughter of sheep in parts of northern England, north Wales and Scotland are being maintained for another year because of continuing high levels of radiation resulting from the central nuclear accident in 1986, writes Bridget Bloom...

Natural rubber market back above 'must sell' level

BY WONG SUI-LONG IN KUALA LUMPUR

NATURAL RUBBER prices have once again breached the 'must sell' level for the International Natural Rubber Organisation's buffer stock manager. The rise has been largely in response to tight supplies because of the seasonal reduction in tapping...

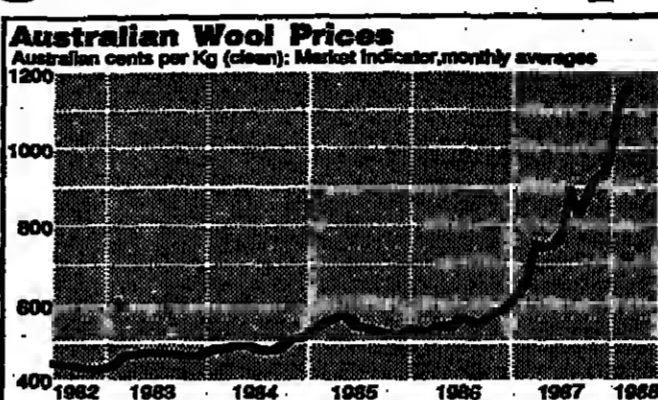
believed to have sold more than 170,000 tonnes from his 370,000 tonnes stockpile. 'In recent weeks little has been detected in Kuala Lumpur, but he has been selling in the European markets,' said one official at the Kuala Lumpur Rubber Exchange...

two months compared with its total purchase last year of only 10,000 tonnes. The 32-nation Inro council will meet in Kuala Lumpur on April 20 to discuss the inception of the second rubber agreement, and to review the market situation, including buffer stock sales...

Chris Sherwell examines the background to a record-breaking price rise

Wool price surge confounds experts' predictions

AUSTRALIA'S resurgent wool industry again has its eyes focused keenly on the market this week, hoping that the price boom which has defied all predictions will not lose momentum. Records were smashed for the fifth consecutive week in last week's trading as strong demand, limited supply and dwindling stocks combined to push prices of most wool types still higher...



strength of the world economy stimulated customer demand more than expected, and the rise of new markets - China in particular - was simply unforeseen. Apart from the currency, the uncertainties now focus on how long growth will continue in these markets and the likelihood of manufacturers substituting other fibres for wool, whether because of price or fashion...

Bridget Bloom visits one of France's better-off cereal farmers

Monsieur Petitpas treads warily along the road to reform

HENRI PETTIPAS, Mayor of Beauchery St Martin, a tiny commune on the fertile plains to the east of Paris, farms 240 hectares of wheat, maize, peas and sugar beet. The land is some of the richest in France, and Mr Petitpas acknowledges that this makes him one of the country's better-off farmers...

and a whole range of maintenance and administrative charges) amount to about 2500 a hectare, so his net profit on wheat, maize and peas is in the order of 1340 a hectare. With prices declining, yields are all-important for Mr Petitpas. In the better weather of 1986, for example, he got 8.6 tonnes on each hectare of wheat, with maize at 45.0 and peas at 16.5...

Britain's National Farmers' Union wants set-aside made mandatory on farmers as the fairest means of reducing cereal surpluses. But Mr Petitpas is on the other side, which has been tried without great success in the US over the last 30 years, almost as an Anglo-Saxon plot to deprive Europe's efficient farmers of their right to grow and sell cereals...

WORLD COMMODITIES PRICES

Table of LONDON MARKETS including Gold Prices, Cocoa, Coffee, Rubber, and various metals like Tin, Zinc, and Lead.

Table of LONDON METAL EXCHANGE including Aluminium, Copper, Lead, Tin, and various grades of steel.

Table of US MARKETS including Crude Oil, Heating Oil, Cotton, and various types of sugar.

Table of Chicago markets including Soyabean Meal, Soyabean Oil, and various types of cattle and hogs.

Vertical text on the right edge of the page, possibly a page number or reference.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Demand for Japanese yen

THE DOLLAR weakened in rather dull trading, as dealers took a longer term view of US economic prospects.

as the yen attracted attention on the foreign exchanges. Dealers are looking for the pound to mount an attack on DM3.10, but there was no indication of this yesterday.

The D-Mark weakened against the Japanese yen in Frankfurt yesterday, while sterling lacked direction.

Attention moved towards the yen, which rose to its highest level against the D-Mark for over 18 months.

The June price opened at 90-21, having brushed aside resistance at 91-16 and 91-00, and fell to a low of 90-07 before finishing at 90-14.

While values showed resistance to lower US bonds, underlying sentiment still pointed towards a further easing in prices, as investors continued to voice fears about UK inflation.

The dollar fell to ¥126.56 from ¥123.35 to DM1.6900 from DM1.6975; to SF1.3995 from SF1.4055; and to FF15.7400 from FF15.7850.

Sterling rose 60 points to \$1.8260-1.8270, but fell to DM3.0875 from DM3.09; to ¥231.75 from ¥233.75; to SF2.5550 from SF2.5575; and to FF10.4850 from FF10.4900.

The Bundestag did not intervene when the dollar was fixed at DM1.6907 in Frankfurt, compared with DM1.6936 previously.

The UK retail price index for February will be announced on 23 January. It will also be watched carefully after recent comments by ministers.

The franc's weakness benefits the right, according to the newsletter, of a politically orchestrated run on the franc.

Pressure remained off the European Monetary System, as the D-Mark traded quietly against the French franc.

STERLING - Trading range against the dollar in 1987/88 is 1.8785 to 1.4718. February average 1.7680.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for currency, rate, and change.

FINANCIAL FUTURES

US bonds lose ground

ahead to trade and inflation figures later this week.

IN NEW YORK

Table showing market data for New York including S&P 500, Dow Jones, and various indices.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot and Forward rates against the Pound.

CHICAGO

Table showing market data for Chicago including S&P 500, Dow Jones, and various indices.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot and Forward rates against the Dollar.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates for various currencies.

OTHER CURRENCIES

Table showing other currencies including Argentine, Australian, and others.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

CURRENCY FUTURES

Table showing currency futures for various currencies.

MONEY MARKETS

UK rates watch for sterling

balances brought forward 285m above target.

The forecast was revised to a shortage of around £100m and the Bank gave no assistance in the morning.

Three-month interbank money was quoted at 8 1/2 p.c., unchanged from Friday, as was

the 12-month rate at 9 1/2 p.c. Overnight money opened at 8 p.c.

FT LONDON INTERBANK FINING

Table showing FT London Interbank Fining rates.

MONEY RATES

Table showing money rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies.

UK clearing bank base lending rate

Table showing UK clearing bank base lending rate.

the 12-month rate at 9 1/2 p.c.

Overnight money opened at 8 p.c. but credit conditions proved to be easier than originally expected.

The Bank of England forecast a shortage of around £200m, with factors affecting the market including repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills during 1972m.

Consequently the Bundestag is not expected to add net funds through a fresh sale and repurchase agreement this week.

In Good Company advertisement featuring promotional gifts like key rings, cuff links, and medallions.

Notice of Early Redemption advertisement for CFDI Caisse Francaise de Developpement Industriel.

I.G. INDEX LTD advertisement for Grosvenor Gardens.

WORLD VALUE OF THE POUND advertisement featuring a large table of international exchange rates.

TRADE INDEMNITY EXPORT FINANCE SERVICES advertisement.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May 88, Jun 88, Jul 88, Aug 88, Sep 88, Oct 88, Nov 88, Dec 88, and Stock. Lists various options series and their corresponding stock prices.

TOTAL VOLUME IN CONTRACTS - SIZES

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

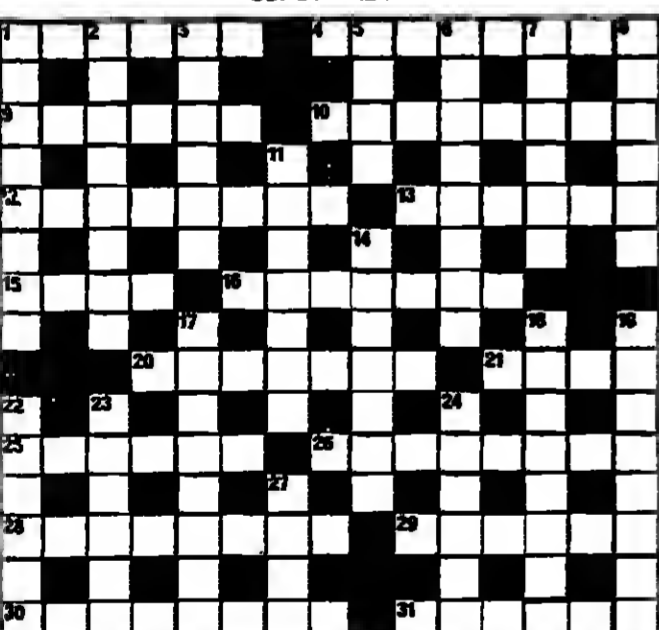
Table listing base lending rates for various banks and financial institutions, including ADN Bank, AAB, Allied Arab, etc.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, including names like Abbey Unit Trust, A&A Unit Trust, etc., along with their respective managers and details.

Advertisement for Finstat, featuring the text 'When prices matter - Finstat delivers the FT prices online, Unit Trusts, Equities, Gilts, Indices. Daily to your desktop computer.' and the Finstat logo.

FT CROSSWORD No.6,587 SET BY VIXEN



ACROSS clues: 1 The chief's old - keeping quiet (5), 2 A breath and cheered (5), 3 A fleshy-leaved plant or tree (5), etc.

DOWN clues: 1 It's quite fair wine - give voice about it (5), 2 22 down could make the silly sap angry (5), 3 Capital left over a fellow wanted (5), etc.

Handwritten signature or mark at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, including columns for company names, fund names, and numerical values. Includes a sub-section for 'INSURANCES'.

INSURANCES

FT UNIT TRUST INFORMATION SERVICE



Main table containing unit trust information, organized by fund name, provider, and price. Includes sections for 'OFFSHORE AND OVERSEAS' and 'MANAGEMENT SERVICES'.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table containing FT Unit Trust Information Service data, listing various unit trusts with columns for name, manager, and other details.

BRITISH FUNDS

Table of British Funds, including columns for fund name, price, and performance metrics.

BRITISH FUNDS - Contd

Continuation of British Funds table.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options.

AMERICANS

Table of American funds, listing US-based investment vehicles.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans, listing corporate debt instruments.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans.

LOANS

Table of Loans, listing various debt securities.

Over Fifteen Years

Table of Over Fifteen Years, listing long-term investment options.

Building Societies

Table of Building Societies, listing savings and investment products.

Public Board and Ind.

Table of Public Board and Industrial investments.

Money Market Trust Funds

Table of Money Market Trust Funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts.

Additional notes and information at the bottom of the London Share Service section.

LONDON SHARE SERVICE

Main table containing various stock market listings including AMERICANS, BUILDING, TIMBER, ROADS, DRAPERY AND STORES, ENGINEERING, INDUSTRIALS (Miscel.), and INSURANCES.

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LONDON SHARE SERVICE

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INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Newsprint, Newsprint, and others.

TEXTILES - Contd

Table listing textile companies and their share prices, including British Textiles, British Textiles, and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies, such as British Trustee, British Trustee, and others.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices, including British Petroleum, British Petroleum, and others.

MINES - Contd

Table listing mining companies and their share prices, including Anglo-American, Anglo-American, and others.

LEISURE

Table listing leisure companies and their share prices, including British Leisure, British Leisure, and others.

PROPERTY

Table listing property companies and their share prices, including British Property, British Property, and others.

TOBACCO

Table listing tobacco companies and their share prices, including British Tobacco, British Tobacco, and others.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies, such as British Trustee, British Trustee, and others.

OVERSEAS TRADERS

Table listing overseas traders and their share prices, including British Overseas, British Overseas, and others.

MISCELLANEOUS

Table listing miscellaneous companies and their share prices, including British Misc, British Misc, and others.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices, including British Motors, British Motors, and others.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices, including British Commercial, British Commercial, and others.

COMPONENTS

Table listing component companies and their share prices, including British Components, British Components, and others.

GARAGES AND DISTRIBUTORS

Table listing garage and distributor companies and their share prices, including British Garages, British Garages, and others.

PLANTATIONS

Table listing plantation companies and their share prices, including British Plantations, British Plantations, and others.

THIRD MARKET

Table listing third market companies and their share prices, including British Third, British Third, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies and their share prices, including British Newspapers, British Newspapers, and others.

SHIPPING

Table listing shipping companies and their share prices, including British Shipping, British Shipping, and others.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices, including British Shoes, British Shoes, and others.

SOUTH AFRICANS

Table listing South African companies and their share prices, including British South, British South, and others.

TEXTILES

Table listing textile companies and their share prices, including British Textiles, British Textiles, and others.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies, such as Newsprint, Newsprint, and others.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including British Regional, British Regional, and others.

TRADITIONAL OPTIONS

Table listing traditional options and their share prices, including British Options, British Options, and others.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies and their share prices, including British Diamonds, British Diamonds, and others.

CENTRAL AFRICA

Table listing central African companies and their share prices, including British Africa, British Africa, and others.

FINANCE

Table listing finance companies and their share prices, including British Finance, British Finance, and others.

INDUSTRIALS

Table listing industrial companies and their share prices, including British Industrials, British Industrials, and others.

A selection of British shares is given in the London Stock Exchange Report Page.





World Stock Markets

WORLD STOCK MARKETS

Table of world stock markets including sections for Australia, Canada, France, Germany, Italy, Japan, Netherlands, and Switzerland. Each section lists various stocks with their prices and changes.

CANADA

Table of Canadian stock markets including Toronto and Montreal closing prices for March 21. Lists various stocks and their market performance.

OVER-THE-COUNTER

Table of over-the-counter market closing prices for Nasdaq national market. Includes various stock listings and their prices.

INDICES

Table of various stock indices including New York Dow Jones, Standard and Poor's, and other regional indices.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table of chief London price changes for various commodities and currencies, including gold, silver, and oil.

Advertisement for 'Travelling by air on business?' featuring British Airways, Canadian Pacific Air, KLM, Lufthansa, Pan-Am, Singapore Airlines, and Thai Airways International.

Table of New York stock markets including Dow Jones, Standard and Poor's, and other indices.

Advertisement for 'Have your F.T. hand delivered...' by Helsink & Espoo, featuring contact information and a list of services.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices, organized into columns with headers like '12 Month', 'Stock', 'Dr.', 'Yr.', 'P/E', 'High', 'Low', 'Open', 'Close', 'Change', 'Volume', 'Bid', 'Ask', 'Last Sale', 'Settle', 'Open Int', 'Settle Int', 'Open Int', 'Settle Int', 'Open Int', 'Settle Int'.



Frankfurt

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 34' and 'OVER-THE-COUNTER'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 34' and 'OVER-THE-COUNTER'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, High, Low, Last, Change, and Volume.

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SECTION III

# FINANCIAL TIMES SURVEY

Over the next few years, nearly £600m will be spent on airports in London and the South East, to

meet an expected doubling of traffic before the end of this century. Even before then, planning must start to meet further growth beyond the year 2000, as Michael Donne reports.

## Big increase in air travel

THE OVERALL volume of air travel into and out of the UK has been increasing rapidly over recent years, and most expectations are that even allowing for some economic setbacks in the next decade, it will have doubled before the end of this century. To gauge precisely the likely overall volume of traffic is difficult - air transport is a volatile barometer of economic activity - and there is a wide gulf between the Department of Transport's most recent "low" forecast for the UK as a whole, of 116m passengers annually by the year 2000, and its "high" forecast of more than 169m.

The London and South East area as a whole is expected to gain about 70 per cent of that total traffic, or between 80m and 115m passengers a year, according to the Department - notwithstanding the substantial anticipated expansion of regional airports over the remaining years of this century.

This situation reflects the anticipated continued significance of London as the focus of government, commerce and tourism.

This is not to deny the expansion of domestic and international air travel to, from and through the regions, both for business and tourist reasons.

Already some significant gains have been achieved by regional airports in recent years, notably

in Manchester, and on current forecasts these improvements seem likely to continue.

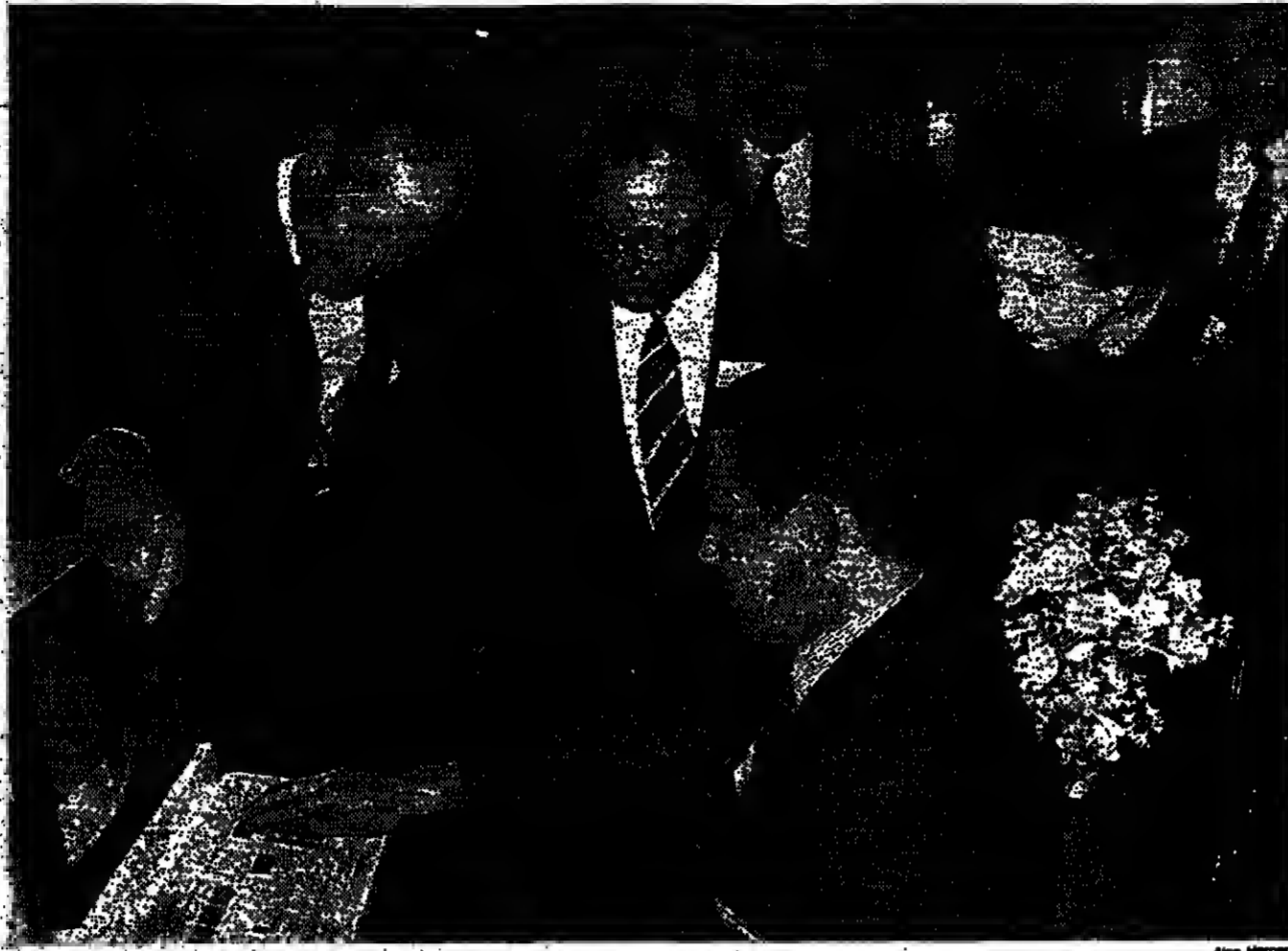
Throughout the country, spending on airport development to meet this inexorably rising tide of passenger and cargo traffic is already substantial and growing, but nowhere is it so marked as in London and the South East.

The most recent estimate is that the BAA plc alone (formerly the British Airports Authority, now privatised) is spending about £500m on the development of its three major airports in London - Stansted, Gatwick and Heathrow - or well over £700m if the spending on the now-completed and functioning new Terminal Four at Heathrow is included.

Currently the most significant development under way is the £290m outlay on the new main terminal for Stansted Airport in Essex.

This is designed to lift the airport's capacity from the present 1m to between 7m and 8m passengers a year by 1991, with potential further growth to 15m (retaining Parliamentary approval), and possible even further expansion to 25m on the single runway, which would require fresh planning permission.

The second is the £200m new North Terminal at Gatwick Airport, south of London, now the second busiest international airport in the world in terms of



The Queen, with Prince Philip, is shown the security system after opening Gatwick Airport's new North Terminal

# London's Airports

international passengers handled, after Heathrow itself.

The new terminal, which was opened by the Queen on Friday and which passengers start using today, is designed to cater for up to 8m passengers a year, thereby lifting Gatwick's capacity to 25m a year, the maximum it is believed the single runway can sustain.

There is no possibility of developing a second runway at Gatwick, despite some pressure in favour of such a scheme. Apart from the 40-year legal agreement between the original British Airports Authority and West Sussex County Council which prevents such a development, there is no room for a second runway within the existing airport boundaries; the land has been pre-empted by the new North Terminal and the new cargo area and control tower.

At the same time, environmental considerations, together with existing urban and industrial development, seem likely to preclude the possibility of acquiring additional land outside the exist-

ing boundaries.

It has to be accepted, therefore, that once Gatwick has reached its designated capacity of 25m passengers a year by the mid-1990s, Stansted must be regarded as the logical expansion chamber into which increasing traffic will be required to move.

This is because Heathrow itself, although capable of handling up to about 35-42m passengers a year with the opening of the new Fourth Terminal in 1986 and the current £73m refurbishment and expansion of Terminal Three, is unlikely to be able to go beyond that level.

Heathrow, with its two runways, might be capable theoretically of handling up to, say, 50m passengers a year, with the provision of a fifth terminal at the Perry Oaks end of the airport.

But the external infrastructural problems of access by road and rail, and the environmental pressures against any such development would appear to be sufficiently formidable to rule out any fifth terminal as a viable concept for the late 1990s onwards, no

matter how much some airlines, such as British Airways, may press for it.

Even the notion, put forward in some quarters, of a small "commuter-type" runway at Heathrow is effectively ruled out because of the severe air traffic control complications it would entail, even if the land for it could be found.

At the same time, the severe environmental constraints which already effectively shut both Heathrow and Gatwick operationally during the night hours - apart from a limited volume of activity by the quieter types of jet airliners - are likely to become more rather than less severe.

Further curbs on older, noisier jet airliners have been announced for the five years starting on April 1. Therefore any significant further expansion in activity beyond the 35m and 25m passengers a year respectively currently planned for those airports is precluded.

What all this means is that in catering for the future growth of air traffic into and out of the

## CONTENTS

- Heathrow: Plans on track for 40m passengers a year 1
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- Business airports: A struggle for Lydd/East International: Spending on development plans 4
- Stansted: Expansion under way 5
- London City: Air traffic surges 5
- Bournemouth: Capacity on offer 5
- Labour: Holiday traffic booming 5
- Southeast: Seeking a Magin solution 5
- Helicopters: Under tight control 5

London and the South East continues over the next few years at current levels, with overall traffic likely to move above the "low" forecast of 80m annually by the year 2000 and closer to the "high" forecast of 116m, there will be even greater pressures for the further expansion of Stansted - perhaps with the construction of a second runway to enable it to become equivalent in size to Heathrow, handling up to about 40m passengers a year.

This would be the most convenient, if not the most acceptable or palatable, solution. While it is true that in the short term more passengers could be squeezed into existing airports and terminals by greater use of larger aircraft (as has been happening at Gatwick), as a long-term solution to the problem of handling more traffic it cannot be relied upon.

This is because it is wholly dependent upon the whims of traffic demand and the airlines' own readiness and abilities to cater for those requirements.

It is also doubtful whether existing individual terminal buildings themselves could cope with the greater passenger volumes without expensive expansion and modernisation, while the resulting road and rail congestion outside the airports probably would be totally unacceptable to local communities.

Also, increasing the number of aircraft movements handled per hour on any given runway is dictated not only by the abilities of terminals to cope but also the ability of air traffic control procedures to handle the larger traffic volumes.

Stepping up the standard busy rate of movements on any runway cannot be done overnight: it requires a massive amount of planning and considerable additional expenditure on expanding the entire air traffic control infrastructure.

The Civil Aviation Authority, reporting recently that in 1987 the air traffic control services throughout the UK had handled a record 3m flights, or 7 per cent more than in the previous year, said it had spent more than £125m in the previous five years on new equipment and was spending another £200m in the next five years to modernise the system.

Many people in civil aviation, including particularly the air traffic controllers, believe strongly that this is not enough, and that to ensure maximum safety in the increasingly congested airways much more needs to be spent to expand and improve the air traffic control system.

It is argued forcibly that while many hundreds of millions of pounds are spent on buying modern places of marble, glass and steel to cope with passengers on the ground, by comparison only a very small fraction of those sums are spent on air traffic control, the vital third leg of civil aviation support.

If further expansion of Stansted beyond 7m to 8m passengers a year is not permitted for environmental reasons - which may well be the case given the vigour and power of the environmental lobby - the only other options would appear to be making much more use of airports outside the region: Birmingham, Manchester, Bristol and Cardiff all come to mind.

Or, alternatively, turning to other airports within the region where runway capacities are currently under-utilised; for example, Manston, Lydd or even Farnborough.

Falling even these possibilities - all of which are worthy of consideration - the final resort would have to be resurrection of the much-maligned Magin solution of building a two-runway airport on reclaimed land off the Essex coast.

The Magin project was cancelled by the Labour Government in 1974 after a bitter environmental battle, on the grounds that it would have been a waste of resources at a time of acute national economic difficulty.

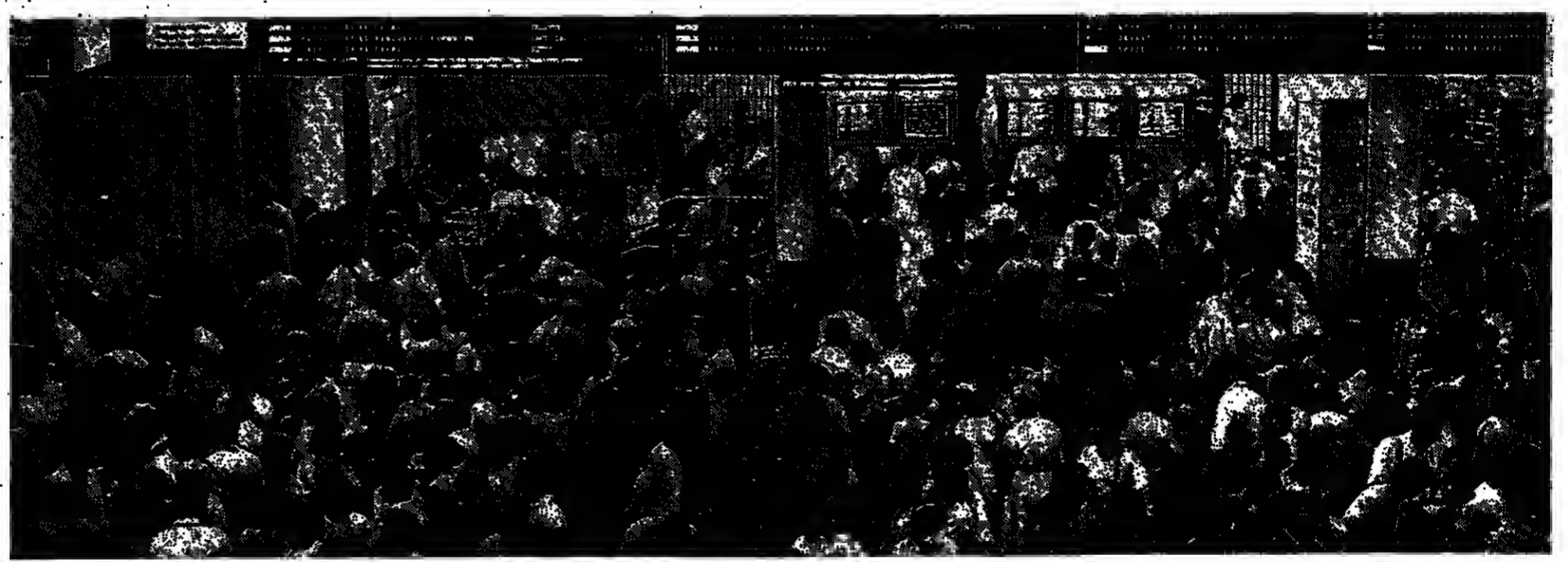
Yet had Magin gone ahead, it would by now have been in operation for several years and its existence would have prevented the need for Terminal Four at Heathrow, the new North Terminal at Gatwick and the development of Stansted itself.

The cost of Magin would also have been far less than the sum of the other airport developments either now completed or currently taking place, while its existence would have also had many beneficial sociological and industrial side-effects, not least the economic regeneration of much of south Essex, still much to be desired.

Whichever one of these options for catering for future traffic growth in the London and South East region is ultimately adopted remains to be seen.

But it is already clear that the debate will be fierce and long-sustained. That it needs to get underway now is dictated by the fact that it takes ten years or more from initial conception of a new runway or airport terminal through to entry-into-service.

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PARIS	Arr.	10.20	10.30	11.20	14.20	14.15	18.00	18.20	19.20	21.30	22.20				PARIS	Dep.	07.30	08.00	11.00	11.00	12.00	15.00	15.00	18.30	19.00	20.00																				
BRUSSELS	Arr.				11.20	17.35				20.50					LONDON	Arr.	07.45	08.20	08.35	11.20	11.15	12.00	12.20	15.20	15.15	15.15	18.45	19.20	20.20																	

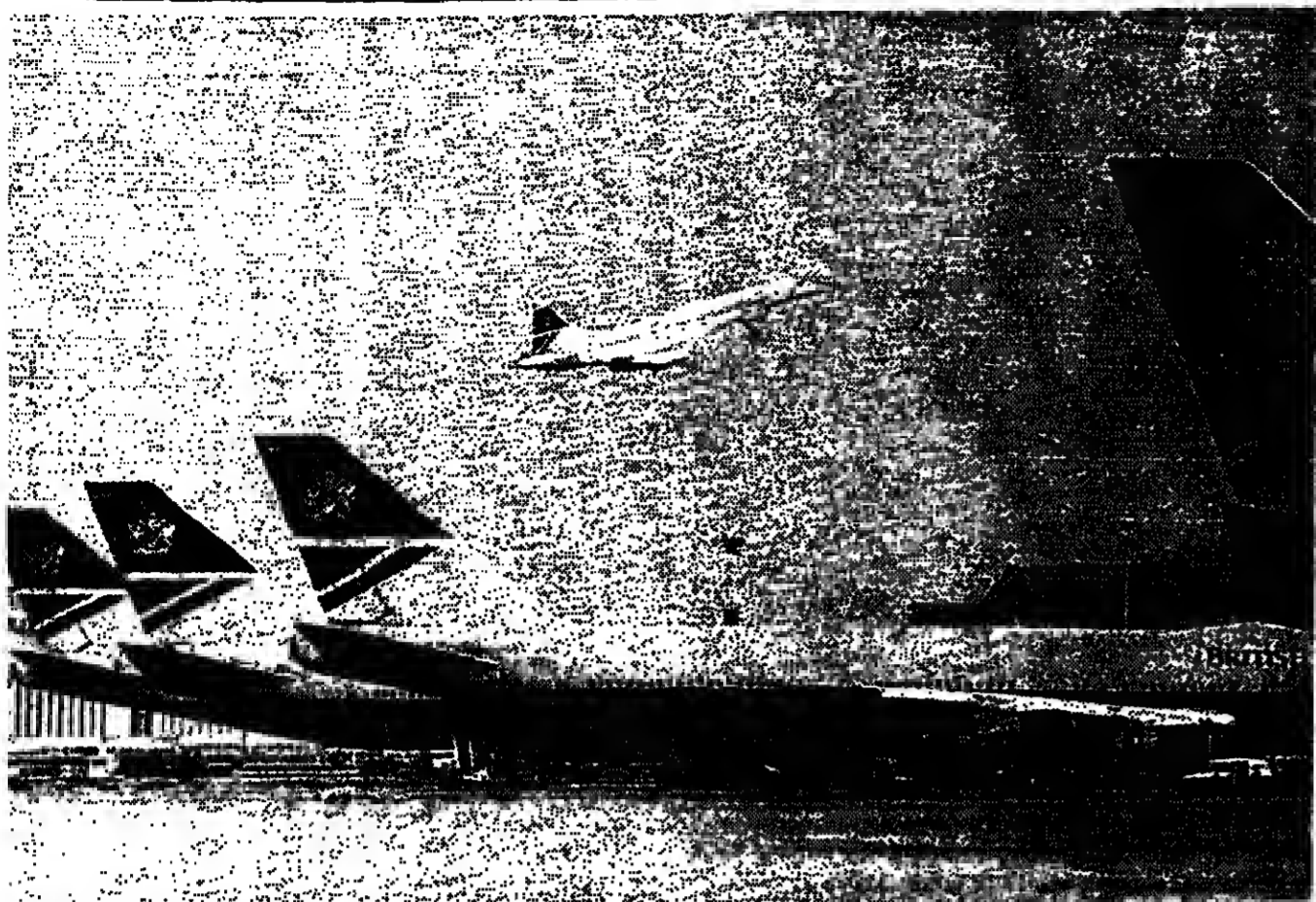
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**LONDON'S AIRPORTS 2**



Aircraft on turnaround wait at the new Terminal Four

40m passengers a year could be reached by 1990

**Heathrow plans on track**

WITH THE new £200m Terminal Four now fully functioning, and the first phase of the £78m refurbishment and expansion of Terminal Three now also completed, Heathrow is on track towards its planned capability of coping with up to 38-42m passengers a year. It is already closing in on that target rapidly. During 1987 it handled a total of more than 34.7m passengers, or some 10.9 per cent more than in 1986, with the number of air transport aircraft movements reaching 203,600, or 4.9 per cent more.

If current traffic growth is sustained through the remaining years of this decade, Heathrow may well reach the 40m passengers a year level earlier than originally expected, by the end of this decade.

While it is possible that a few more millions could be squeezed through the existing terminals, to the detriment of travellers' comfort and convenience, the

fact that Heathrow will be reaching saturation by about the end of this decade is already encouraging debate over what to do in the early to mid 1990s as traffic continues to rise.

Clearly, the first priority must be for the Government and Civil Aviation Authority to maintain a strict policy of keeping additional services at Heathrow to a minimum, whilst encouraging operators to move to one or another of the two remaining airports - Gatwick, which with its new North Terminal can cope with up to 25m a year (although that now also appears likely to be reached sooner than expected), and Stansted in Essex, with its new terminal coping with 7m to 8m passengers a year coming on stream in 1991.

Already, for example, in its consultation paper on proposed revised policies for future air transport licensing, the CAA has said it will only license new domestic scheduled services at

Heathrow where it is satisfied that the actual and potential user-benefits of such services over-ride any disadvantages of overcrowding at that airport.

All new scheduled service applications from UK and foreign operators will be encouraged to make the maximum use of Gatwick, with substantial pressures also to encourage them to go to Stansted.

It will become increasingly difficult for any operators to win rights into and out of Heathrow, although undoubtedly there will be considerable pressures from them to acquire such rights, because of the massive inter-connecting facilities it provides as the world's largest airport for international traffic.

Such pressures are likely to be strongest from foreign operators, especially from smaller countries, who will argue that because UK reciprocal services are allowed to fly to their main capital city airports, they should in turn be permitted to fly to Heathrow.

It has already proved difficult for the UK Government to resist such diplomatic pressures, and it will become even more so in the years ahead, but it is to be hoped that the congestion stemming from saturation of Heathrow itself and the relatively better conditions that will prevail at Gatwick and Stansted, will encourage those operators to accept rights at those airports.

The prospect of Heathrow rapidly approaching its maximum capacity in the years ahead is bound to fuel the debate for provision of another major terminal there - the so-called Terminal Five - which has been much-feted by many airlines serving the airport, not least British Airways itself.

The idea is that such a terminal, designed to cope with up to another 12m passengers or so a year, raising Heathrow's total capacity to about 50m, could be built at the Western end of the airport on land reclaimed from the existing Perry Oaks sewage farm, which would be moved to another location in Buckinghamshire.

But the idea faces formidable opposition. Much of this comes from local environmental lobbies, not just because of the additional noise and pollution from the substantial volume of additional aircraft movements over the wide area covered by the Heathrow approach and departure paths, but also because of objections to relocating the Perry Oaks sewage farm - nobody in that wide area west of London wants the sewage farm dumped on its doorstep.

Whether that is so remains to be seen. What is rapidly becoming clear, however, is that because of the exceptionally long time-scales now involved in any major airport developments - up to ten to 12 years from conception to in-service, including the inevitable lengthy public planning inquiries before full design, development and construction can even begin - serious consideration of such matters has to begin now.

To leave such consideration even for a few more years, on the basis that it is better to "wait and see" what traffic growth emerges and the problems it brings, is simply to repeat the mistakes of the past.

The whole saga of London's airport developments over the past 30 to 40 years has been one of too conservative forecasting, a lack of willingness to recognise that air transport is inexorably going to continue growing, with the result that forward planning has been often left too late and then too timid to achieve lasting long-term solutions to the problems of growth.

More formidable opposition is emerging from local authorities surrounding the airport, who argue that the external infrastructure - electricity, water and sewage facilities, and the roads and railways serving not only the airport but also the local communities - simply could not cope with the additional 12m passengers with perhaps a corresponding number of "meeters and greeters" and all the additional service traffic that a major new terminal would generate.

They argue that the costs of improving the infrastructure outside the airport to cope with the increased passengers and road traffic would effectively double the cost of the terminal building itself, to perhaps an overall £400m or more.

It would be cheaper, and more convenient physically as well as politically and sociologically, for the additional traffic to be catered for somewhere else, for example, by taking the decision to expand Stansted immediately to a full 10m passengers a year, instead of pausing at 7-8m.

It has been argued by some that provision of a fifth terminal at Heathrow and the further development of Stansted are not mutually exclusive, and that perhaps both developments might become necessary around the late 1990s or early into the next century, depending on traffic growth.

Whether that is so remains to be seen. What is rapidly becoming clear, however, is that because of the exceptionally long time-scales now involved in any major airport developments - up to ten to 12 years from conception to in-service, including the inevitable lengthy public planning inquiries before full design, development and construction can even begin - serious consideration of such matters has to begin now.

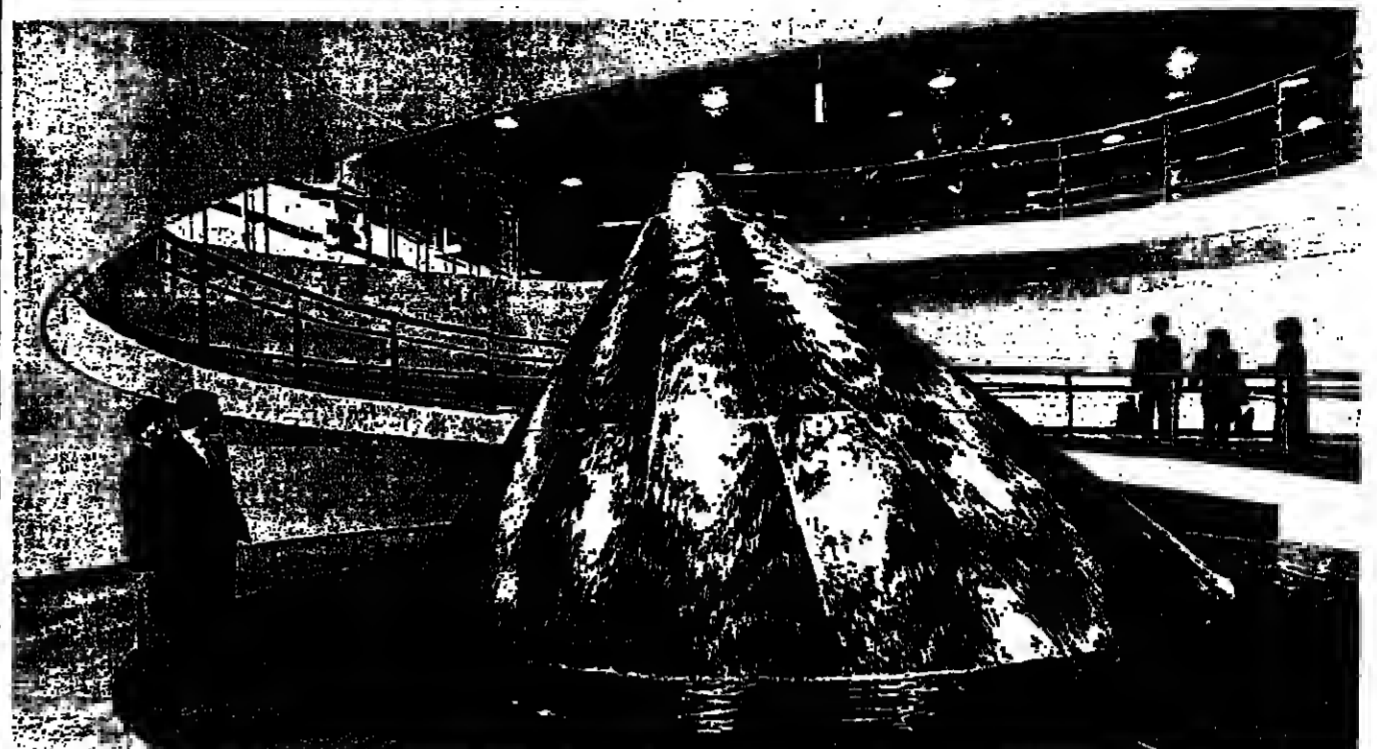
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Michael Dome

Bigger aircraft are being used to meet the increase in passengers

**Gatwick terminal opens**



WITH PASSENGER traffic at Gatwick Airport, the second major airport for London, reaching a record level of over 18.7m last year, or 18.7 per cent more than in 1986, the new £200m North Terminal which starts handling passengers today is ready in the nick of time.

Any passenger passing through Gatwick in recent months cannot have failed to recognise that the existing terminal facilities are overcrowded, and at peak times frequently reach saturation, notwithstanding the additional satellite terminal that itself was built a few years ago to ease the strains on the main (now called the South) terminal.

Those existing facilities were originally designed to handle up to about 16m passengers a year, but now are coping with more than 18m.

The new North Terminal (of which British Airways will be the main user) is designed ultimately to handle another 9m passengers a year, bringing the airport's total capacity to about 25m passengers, on the single runway.

But, although only just opening for business, the new North Terminal will be handling immediately up to one-third of its ultimate total capacity, and could itself reach saturation sooner than expected.

Along with passenger traffic, the number of aircraft movements has also increased. During 1987, the total was 171,100, or 10.6 per cent more than in 1986.

The smaller growth in movements compared with the 18.7 per cent expansion in passengers is explained by the increasing use at Gatwick of larger types of aircraft - as more and more long-haul international operators using Boeing 747 Jumbo jets, Lockheed TriStars and McDonnell Douglas DC-10s move into the airport.

This situation is expected to continue for some time, but certainly until the new terminal now under development at Stansted in Essex becomes available in 1991 to act as an expansion chamber to ease the situation in the London and South-East regional airports.

But along with the increasing use of larger aircraft, there will also be a continued expansion of smaller types - Boeing 737s and McDonnell Douglas MD-80 series, for example - as short-haul domestic and international scheduled and charter traffic also continues to grow.

Cargo is also an increasingly significant element in the mix of operations at Gatwick, with a total of 191,710 metric tonnes handled there during 1987, or 18.7 per cent more than in 1986, and expansion here is also likely to continue at high rates.

As a result of this growth, the future mix of traffic at Gatwick is now the subject of considerable debate in the UK air transport industry, with considerable differences of view being expressed.

This has been going on for some time, and is not the result of the take-over of British Caledonian Airways by British Airways - although that development has undoubtedly helped to fuel the argument.

Basically, the debate is about the future primary role of Gatwick. Should it continue to function as a mixed airport, offering both a substantial volume of charter operations and an increasing volume of scheduled services, both long and short-haul?

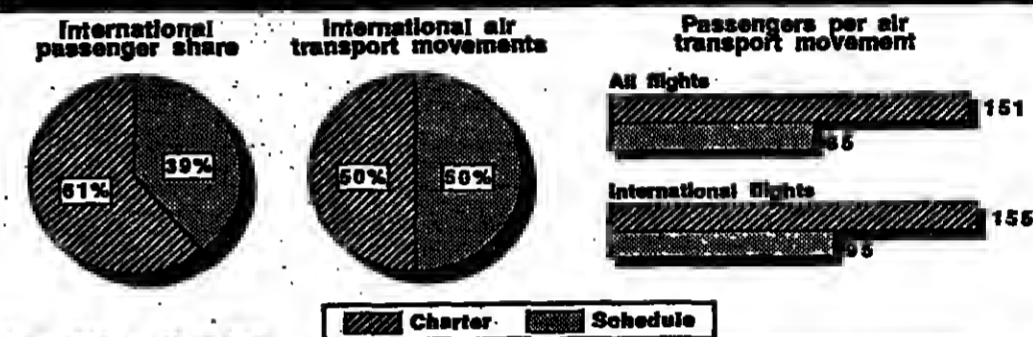
Or should its role be changed, with the charter services being progressively reduced in favour of an increase in scheduled operations?

Before it was taken over by British Airways, British Caledonian had made it clear for some time that because of rising scheduled airline traffic, the balance at Gatwick should be changed in favour of scheduled services.

BA supports BCal's attitude, for having acquired the latter it intends to continue and expand much of the former BCal scheduled operations from Gatwick, while also increasing charter operations through a new subsidiary, Caledonian Airways, that merges BCal's and its own leisure charter operations at the airport.

Fountain feature in the new North Terminal

Air traffic at Gatwick (Oct 1986 - Sept 1987)



Source:CAA monthly statistics

The Government itself has indicated that should the level of congestion at Gatwick make it necessary, it would make a "distribution rule" whereby preference would be given at peak hours to scheduled service traffic, which would have the effect of forcing some charter traffic out of Gatwick into Stansted.

The charter operators, however, are already vigorously

**The new North Terminal brings passenger capacity to 25m, on the single runway**

objecting to such a policy, arguing that they already account for the biggest percentage of all Gatwick passengers, and that the airport's "catchment area" in the South East has been largely developed on the back of that type of traffic.

They argue strongly that the financial future of many of the smaller charter operators depends on the availability of Gatwick, and that millions of passengers themselves would be likely to object strongly to being obliged to go elsewhere if charter traffic at the airport were to be in any way restricted.

But they also argue strongly - and with considerable truth - that the long-standing divisions of air traffic into scheduled and charter are now out of date, with the distinctions between them becoming increasingly blurred.

Many so-called charter operators are in effect scheduled services, flown to regular time-

tables and serving many destinations out of Gatwick that are not served by regularly-scheduled airlines.

Moreover, the charter operators point out, with undeniable logic, that to give preference to a passenger just because he or she is a scheduled traveller is to create a concept of the charter passenger as a "second-class citizen."

They rightly argue that this is invidious and unacceptable. The charter passenger is frequently paying just as much, if not more, for his flight than many scheduled travellers, and is entitled to the same levels of comfort, convenience and safety, both on the ground as well as in the air.

The fact is that some of the charter operators now have fleets of aircraft that are equal to, if not superior to, those of some scheduled airlines, and include such modern jets as Boeing 767s, 787s and DC-10s. The standards of in-flight services on many of them undeniably rival, if not improve upon, those of some scheduled airlines.

The view of the charter operators is effectively summarised by Britannia Airways, the second biggest airline in the UK, which argues that not only have the charter airlines provided most of

the impetus towards lower air fares in the UK, but they also have a significance in many European short-haul markets that far outweighs that of the scheduled airlines, because of the greater volumes of traffic they carry.

Britannia argues, therefore, that Gatwick should remain as it is now, a mixed-mode airport, with expansion - and the allocation of "slots" (take-off times) - being allowed to develop naturally, with no unfair constraints being imposed on the charter side of the air transport industry.

"A change in Government airports policy to give charter airlines equal rights at Gatwick is essential," Britannia says.

Although the Civil Aviation Authority is currently undertaking a review of its policy guidelines for the future issue of air service licences and other aspects of its regulatory activities, this does not specifically take into account the question of traffic distribution at London's airports - a fact which has caused some adverse comment by some charter airline chiefs.

The latter believe that, in the light of the BA take-over of BCal, a full review of Government traffic distribution policies for London's airports is overdue. Only such a review, they say, can give them an adequate opportunity to present their case for security of tenure of charter operations at Gatwick.

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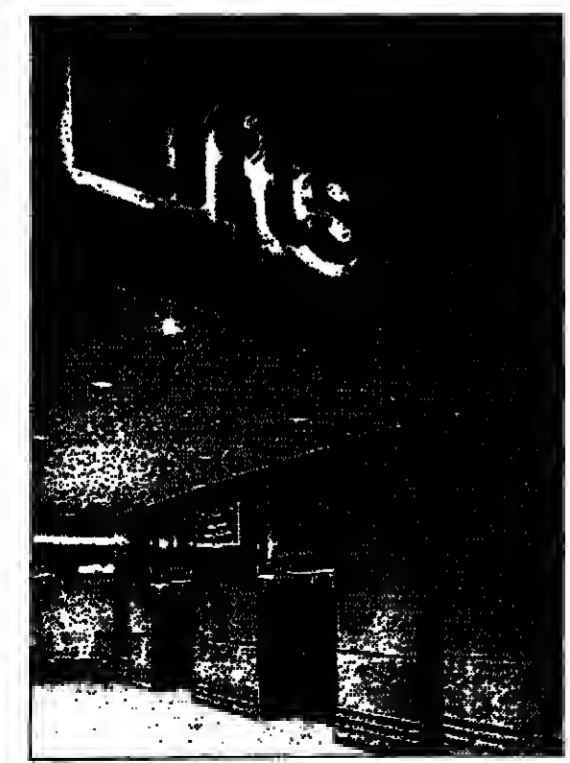
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## LONDON'S AIRPORTS 4

Business aircraft are fighting for access

# Looking to the fringe

HEATHROW and Gatwick remain London's most important business aviation airports, with a considerable fleet of air taxis and company aircraft based there, and extensive bases for maintenance and repair.

But Government policy continues to give airline traffic priority over business aircraft movements — particularly at peak hours. As a result, executive aircraft operators and their clients are having to look increasingly towards the ring of smaller airports and airfields on the periphery of the capital.

Many of these have excellent facilities but none is able to offer the combination of facilities which make Heathrow and Gatwick so attractive to the business community: ease of access (although completion of the M25 orbital motorway has made London's "rings" airports easier to reach), outstanding commercial and technical services, round-the-clock operation, and connections with airline services to destinations all over the world.

Not is there any chance of Government sanctioning a specialised business airport to serve London on the lines of that at Le Bourget, outside Paris. Although Le Bourget does not host international airline connections, it is only five miles from the airport from Charles de Gaulle, the main airport for the French capital.

The nearest equivalent in London to Le Bourget is Northolt, a few miles from Heathrow. But Northolt is an active Royal Air Force airfield, used largely for operations and VIP flights, and although it is available for a number of civil business aviation operations, that number is too tightly surrounded by restrictions to make it an ideal concession.

Stansted is the airport which government, the Civil Aviation Authority, and the BAA companies which run Heathrow, Gatwick, and Stansted, would prefer to see expanded as a business aviation centre. With well over 1m airline passengers a year using it at present, and a runway and landing aids to international airport standards, there is no pressure on business aircraft movements as at the other two major London airports.

The BAA has even promised to turn the existing terminal building into a facility for business aircraft users when the new terminal being built on the airport opens in the early 1990s.

Objections to Stansted by the business aviation community are that it is too remote from central

London (an objection which should be overcome once the high-speed rail link into the airport from the centre of the capital, now being built, is complete), and that it is on the wrong side of London for the majority of business flights.

By far the highest proportion of those who use business aircraft live or work in the south-west quadrant of the metropolitan area, a sector which, ironically, has only a relatively small number of business airfields.

That imbalance is now being corrected through the opening of an executive aircraft centre, and associated business park, on a 50-acre enclave at the Royal Aircraft Establishment, Farnborough, in Hampshire.

This 550m facility, which is expected to generate up to 2,000 jobs in the longer term, is being developed by Farnborough Aerospace Development Corporation, a consortium led by the Carroll Group of companies. Aircraft will

### The opening of a mini airport at Farnborough will meet a need in facilities to the south-west of London

use the RAE Farnborough runway and airfield services, with the use and hours of operation regulated by agreement with the Ministry of Defence and local authorities.

The development corporation believes that the adjacent mini-airport will prove attractive to tenants of the business park wishing to move executives, documents and small freight swiftly in and out by air.

The addition of Farnborough to the airport facilities already available for business aircraft at Blackbushe, and at Fairford, near Woking, will mean that airborne executives from Berkshire, Hampshire and Surrey will be far better served than in the past.

The area to the north of London is already well covered by business airports, the most important being Luton but with Hatfield, the British Aerospace factory airfield, being developed as an executive aviation base.

Luton has gained the reputation for being one of London's premier "bucket-and-spade" airports, with its concentration of package holiday flights, but there is also a major business aircraft centre there with complete overhaul facilities, and a purpose-built terminal.

Greater London has a number of other small airfields which are used for business flights. Biggin Hill, the former Battle of Britain fighter base in Kent, has been developed for this activity in recent years.

Its drawbacks are that it is difficult to reach — improved access from the M25 London orbital motorway is being considered — and the fact that, as was proved by the temporary closing of the Paris route from London Docklands airport at the turn of the year, the skies on that side of London are prone to overcrowding.

And as a general rule, the pilots of the fast jets and turboprops generally used for business flights do not like mixing, on take-off and landing, with slower light aircraft.

Now that newer helicopters, with two engines giving enhanced safety and with cabins well-insulated against noise and vibration, are in daily operation, an increasing number of business flights to and from the capital are by rotary-wing, rather than by fixed-wing aircraft.

However, the development of heliports has not kept pace with the development of the helicopter, and inner London now has only one such site, at Battersea, following closure of the river heliport in the City. All efforts to open further permanent heliports, near enough to the commercial and financial areas of the capital to make them useful to those who work there, have failed, usually due to environmental and safety considerations.

A further inhibiting factor in the development of business aviation services for London is the difficulty which operators of such business services meet in obtaining Customs clearance at the smaller airports and airfields which their customers find it convenient to use.

Customs and Excise has clear criteria for the volume of use which any airfield must have before it will provide officers on a regular basis. As a result, business flights inbound to the UK often have to land at an airport to clear Customs before flying on to the real destination airport, adding costs and negating, to some extent, the original reason for making the business flight.

However, both Customs and immigration regimes are being slowly relaxed, and British and other European Community nationals are no longer required to have their passports checked every time they leave the country in business aircraft.

**BIG EXPANSION** schemes at two airports in Kent — Lydd, on Romney Marsh, and Kent International, formerly Manston, near Ramsgate — will enable them to compete in the future for overflow traffic from the main London airports and for business generated by the Channel Tunnel.

At Lydd, the Lydd Airport Group sees it developing in part as a small parcels centre, with air courier companies flying in loads which would then be sorted and despatched through the tunnel for distribution to destinations in Europe.

Conference facilities at the airport are already being used for meetings between French and British engineers engaged in building the tunnel.

A further plan is to promote Lydd as the arrival point for inward charter flights carrying groups interested in exploring the area's many tourist attractions. A survey carried out by a subsidiary of BAA saw an immediate potential for 388,000 passengers a year, rising to 2.5m by the turn of the century.

Lydd, its owners point out, is 70 miles nearer to mainland Europe than Stansted, offering airlines considerable savings in time and fuel costs.

Other future possible uses for the airport include a diversion airport for Gatwick and other South East airports in bad weather; as an alternative airport to Gatwick for charters as this type of traffic is squeezed by rises in the number of scheduled services and as a training base.

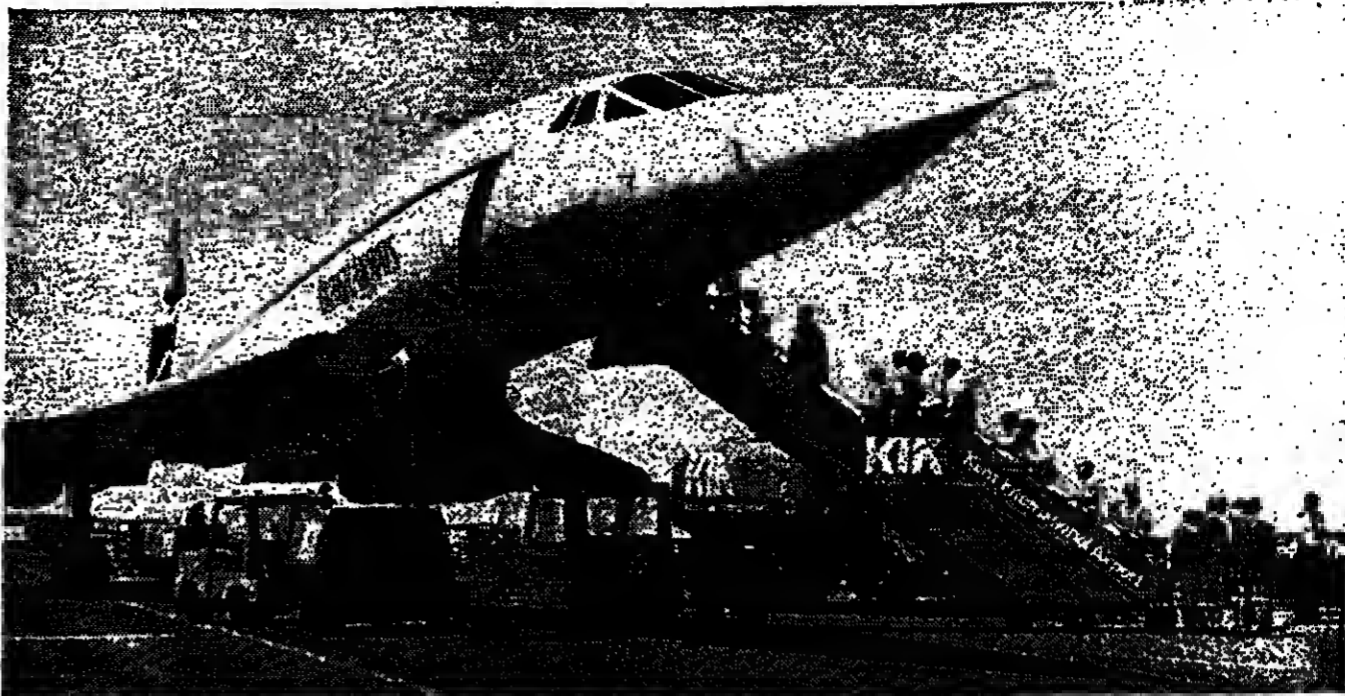
Approaches and departures are over the sea and local environmental problems are not as severe as at some other airports in the region.

Three City institutions are backing the re-development of Lydd, and the results of considerable recent investment can already be seen in the improved passenger terminal building, restaurant, bar, conference centre, executive aviation terminal, and maintenance base.

It was originally planned to build a new 2,100-metre runway alongside the existing 1,524-metre runway at a cost of £5m; but this has now been dropped in favour of extending the present one to 1,800 metres. A planning application for the extension was made recently.

Plans for the longer-term future include a new terminal, and a leisure hotel complex, by which stage the airport could be offering about 500 jobs in what is an area of high unemployment.

A proposal to give the airport the name LA-UK has been shelved and it is now likely to be called Lydd-Ashford, reflecting the closer links with the hinterland which Lydd will have when



Concorde calls at Kent International

### Lydd/Kent International Airport

# Expansion schemes to take overflow

the new road system towards the Channel Tunnel is complete.

The new roads should end Lydd's remoteness, which has been a major factor thwarting many of the previous attempts since the end of the Second World War to develop the airport commercially.

The future of Kent International Airport on Royal Air Force Manston airfield was shaped early this year as the result of a lease concluded with the Ministry of Defence. Under this, Manston will continue as an operational RAF airfield but KIA took over responsibility for all aspects of the ground handling of civil aircraft, both passenger and freight.

KIA plans to develop further the site leased to it to provide new passenger terminal facilities, freight warehouses, and aircraft servicing. The RAF is expected to receive a substantial increase in business generated by civil aircraft movements which, it is hoped, will be attracted to the airfield, and from the lease of land drawn up with KIA.

When the lease was signed, Mr Clive Bourne, KIA managing director, said: "The successful conclusion of a long-term agreement with the MoD paves the way for us to make a substantial long-term investment at KIA."

Mr Roger Freeman, Under Secretary of State (Armed Forces), said: "Kia's plans will generate substantial employment pro-

### New roads should end Lydd's remoteness, which has been a major factor thwarting its development

pects, which will be of great benefit to the Isle of Thanet. They should also attract increased tourism and trade to the area."

First stages of the development plan, designed to fit the airport for a passenger throughput far in excess of the few thousands which have used it in recent years, mainly on holiday flights

to the Channel Islands and France, should be completed by the summer of this year.

The plan, as explained to airlines and tour operators, comments: "Kent's position as a major business and industrial centre, which will be enhanced by the advent of the Channel Tunnel, and provides a buoyant market for scheduled and commuter flights to other parts of the UK, to the Continent, and beyond."

Many of Kent's 1.5m residents would welcome the opportunity to begin their holidays or business journeys closer to home in a relaxed, uncrowded airport environment.

A survey identified a total catchment area population of just over 2m, many of whom are currently obliged to make lengthy journeys along the crowded M25/M26 motorways to Gatwick, Heathrow, or Luton, for flights. KIA has good road links with London via the M2 and M20 motorways.

The airfield at Manston is already used as a diversion base

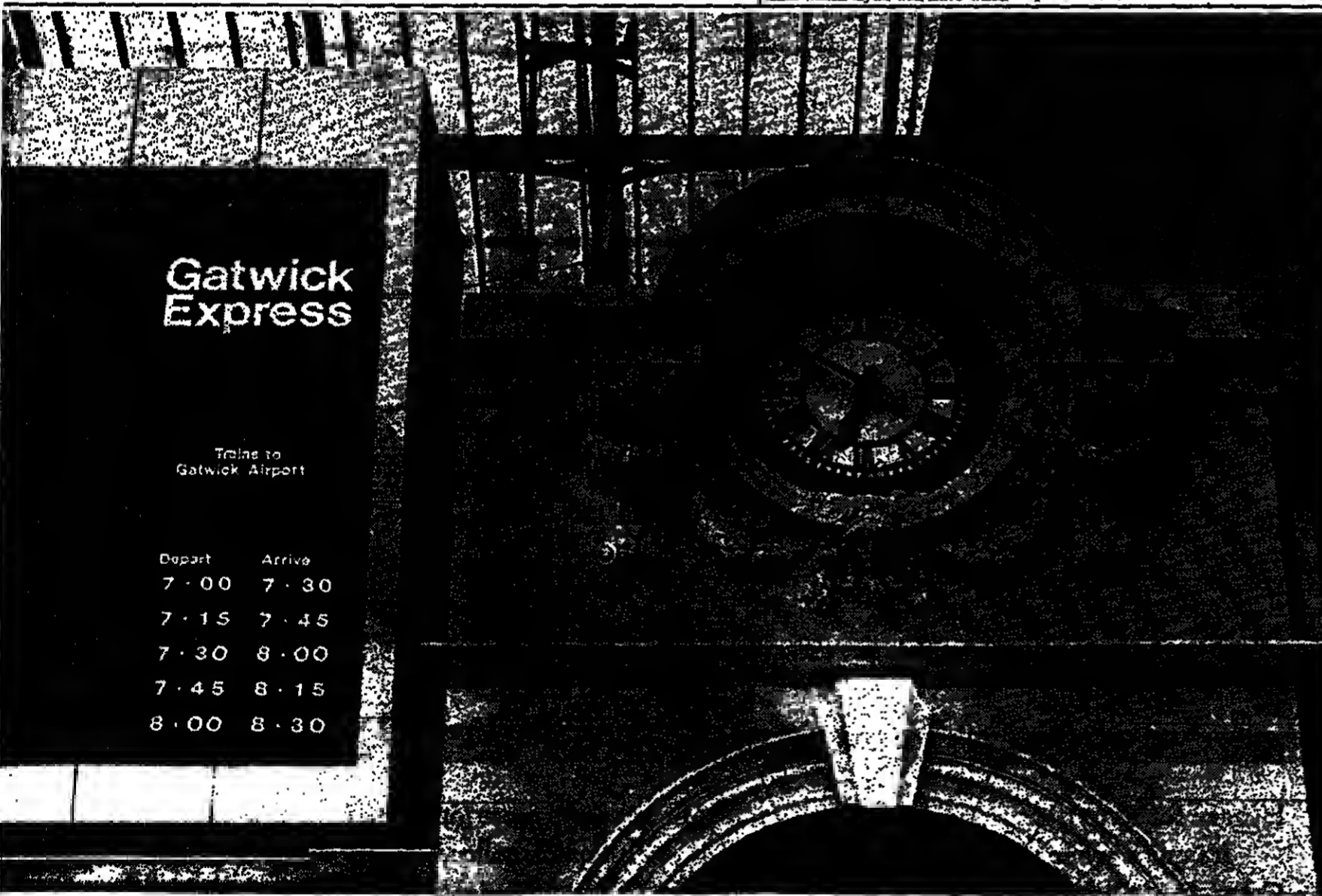
by the RAF and civil airlines in bad weather, a main attraction being its 3,000m runway. Its present parking apron area can accommodate up to six Boeing 737-size airliners at one time.

The KIA development plan includes provision for a passenger terminal which will ultimately offer 25,000 sq ft of space. This will mean that 500 passengers could be accommodated at one time, and that a mixture of airliners from Boeing 737s up to the size of Boeing 767s could be handled without congestion.

KIA has already seen considerable development as a freight airport with a throughput of over 20,000 tonnes of air cargo a year. Several freight airlines use it, and more are anticipated when a planned new freight terminal is completed. This will offer about 30,000 sq ft of space, with import, export and transshipment capabilities for all freighter aircraft types up to the size of the Boeing 747.

"The timing of the re-developments will enable KIA to take full advantage of the demand which will accrue from the combination of future projected growth in the air freight industry, and the congestion at Gatwick and Heathrow, which is already a problem, and which will become more acute over the next five years," the airport operator said.

"The major London airports have already introduced peak-hour restrictions for freight aircraft, and it is anticipated that further measures and limitations will inevitably follow."



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LONDON'S AIRPORTS 5

Early turbulence at the capital's newest airport

Route blow resolved

THE RESUMPTION of services to Paris early this year from the newest of London's airports, in the disused docklands, after a month's absence was made possible by revised flight procedures to cope with the crowded airspace of the South East.

The withdrawal of these services from London City Airport, by Brynmor Airways and Eurocity Express, was brought about by pilots' concerns about flying through airspace that was not monitored by air traffic controllers.

In this age of strict radar control for commercial flights, pilots on the route from London City Airport to Paris had to rely on visual watch from the cockpit to avoid other aircraft.

The route passed nearby Biggin Hill and Gatwick Airport, both busy flying areas and therefore fraught with difficulties for pilots relying solely on eyesight for safety.

The Civil Aviation Authority suspended the flights from London City Airport to Paris on December 16, after Brynmor had insisted that air traffic control on the route was inadequate and unsafe.

The authority disagreed with this claim, but said it could not ignore it and initiated an inquiry.

The suspension was a disappointment for the two airlines, which began commercial services from the airport at the end of October, amid high hopes for the success of the new type of near-city centre airway services they sought to provide with their de Havilland Dash 7 four-engine short take-off and landing aircraft.

The £22m airport amid the wharves and cranes of the Royal group of docks was the brainchild of John Mowlem, the UK construction company in association with Brynmor Airways, the pioneer of the use of the Dash 7 aircraft in UK regional airline services.

Captain Harry Gee, operations

director of Brynmor Airways, said in explaining the case for suspension that for parts of the flight to and from Paris, pilots had no ground control or support. "This was a most unsatisfactory and dangerous situation which to conduct a public transport operation," he had said.

The development of the London City Airport was from the beginning an unusual and demanding task. This was because of the airport's location: its relation to the other parts of the London air traffic control region, and the limitations imposed on the type of aircraft that could safely use the airport.

Of these factors, the relationship of London City Airport to the other parts of the air traffic control network has, in retrospect, proved to be the most difficult.

The London Terminal Control Area is the area used to describe the zone of airspace controlled directly by air traffic control operators at Heathrow Airport. This zone or area does not come down to ground level but controls only the airspace above 2,500 feet. This was one of the major problems the airlines that launched London City Airport encountered when services started last autumn.

The London Terminal Control Area covers only the airspace above 2,500 feet. This is the zone used by aircraft flying into and out of Heathrow airport, including the airspace over this height around the London City Airport.

The airspace below 2,500 feet is uncontrolled airspace and the National Air Traffic Control Service recommended that a special rules zone should be established to cover the airspace around the new airport.

The special rules zone requires pilots wishing to enter this airspace to contact the controllers at Heathrow for permission.

London City Airport has no radar of its own and relies for this service on an approach radar control unit installed at Heathrow airport.

The radar service provided at Gatwick was an important factor in the problems encountered by pilots which led to the decision to suspend flights. The Gatwick service had often been unavailable and pilots had to fly through about 50 miles of uncontrolled airspace from the docklands.

Flights were permitted to resume from January 20 after the CAA inquiry. Three new routes were made available to the airlines for the flight to Paris, with revised flight procedures. The aim of the revised procedures was to give assured access for aircraft into controlled airspace much earlier in the flight," according to London City Airport.

Of the two airlines that launched services from London City Airport, Brynmor Airways was the old-established user of the Dash 7 and pioneer of the early landings in the disused docklands. The airline has three Dash 7 aircraft and has ordered two more for delivery before next April, to serve Amsterdam and Brussels at a later date, still to be decided.

The airline is evaluating other routes, including to Exeter, Jersey, Belfast Harbour and Frankfurt.

The London City airline, which changed its name from Eurocity Express, is about to start services to Amsterdam, as well as continuing its existing services to Paris and Brussels, the same two services operated by Brynmor Airways.

The airline has been licensed to fly between the new airport and Amsterdam, Brussels, Rotterdam, Düsseldorf, Gurney and Jersey.

The airport has many attractions, especially for business travellers starting from City, just a mile away. Drilling is about to start on a westward extension of the Docklands Light Railway to take the line into Bank Underground station. The line will eventually be extended eastward three miles to Beckton, but this will still leave it short

the airport, where low forecasts for passenger traffic have dissuaded planners and builders from funding any immediate extension to the airport itself.

London City Airport admits that "we lost a lot of business with the suspension of the route to Paris. This was a fairly dramatic blow at such an early stage in the development of the airport".

Passenger loads have varied from "abysmally low to full aircraft." The volume of traffic after the resumption of services to Paris was lower than before the services were suspended.

One estimate from a senior airline manager involved in airline services at London City Airport is that the suspension of the services to Paris set the development of the airport back by between six and nine months, but traffic volumes are picking up again.

Lynton McLain

**Major airports and business airfields in London and the South East**



Bournemouth International

Privatised seaisider will look for more charter operators

THE SOUTH Coast of England has two airports whose potential is considerably under-used, at Bournemouth and Southampton. Both are well placed for people who live in the South but well away from Heathrow, Gatwick or the expanding airport at Stansted.

Bournemouth International Airport, to give it its full title, already has two runways able to handle airlines up to DC-10 size

although, for full-scale civil airliner operations, the runways would have to be extended by an additional 1,000 feet.

The airport already has a new 22m passenger terminal, which opened in 1986, and it has good rail and road links with the rest of the South of England.

The larger, 7,000ft, runway has an instrument landing system, and both runways have precision approach path indicators.

The airport boasts that its spare capacity is its most important asset. The airport was privatised in April last year and now faces the task of moulding itself to the commercial challenge of filling this capacity.

This room to grow is an undoubted asset, but the attraction of it has to be sold to airlines if the lifeblood of business is to flow.

At least 300,000 people who use charter air travel live in the airport's immediate catchment area, but less than a tenth of these use Bournemouth Airport; the rest travel to Heathrow and Gatwick.

Of the 600,000 local passengers on scheduled flights to Europe, only about 15,000 pass through Bournemouth Airport. This is an indication of the potential at Bournemouth and the management's strategy is to seek more charter operators.

Along the coast, Southampton/Eastleigh Airport is also fighting for new business to make use of its capacity. The airport is owned by British Airports International, whose managing director, Mr Chris Barlow, said last year that the company was committed to the future development of routes from Southampton/Eastleigh.

He was speaking after the decision by Aurigny Air Services, the new owners of Guernsey Airlines, to discontinue operations out of Southampton to Guernsey, Jersey and Manchester.

Mr Barlow had said that Aurigny's decision would not be allowed to affect the other passengers at the airport or the future of the airport. "My team and I will negotiate non-stop to guarantee the future of these routes."

In the first seven months of last year more than 155,000 passengers for the Channel Islands flew through Southampton, a growth of 78 per cent over the previous seven months period in 1986.

Lynton McLain

£300m investment in world class airport

STANSTEAD, WHICH was designated London's third airport in a government White Paper in June 1986, is being transformed into an attractive new airport with the potential to absorb some of the continued high growth in air transport.

Yet even before its new passenger terminal is anywhere near complete, the London Airports Runway Committee is forecasting the need for the Government to consider urgently more runway capacity in the South East.

This additional capacity is not needed immediately, but will become a pressing requirement by the 1990s, the runway committee believes.

Stanstead is a likely candidate for further expansion in the 1990s. Paradoxically, the need for final decisions on such expansion could come at about the same time the new passenger terminal building at Stanstead is opened, in 1991.

Stanstead is currently undergoing its long-awaited expansion with the investment of almost £300m in new facilities to develop the former Second World War US Air Force bomber base from its present status as a second division airport to world class international airport.

The go-ahead came in June 1985 when Mr Nicholas Ridley, then Transport Secretary, announced in the House of Commons the Government's decision to expand and modernise Stanstead to become London's Third Airport.

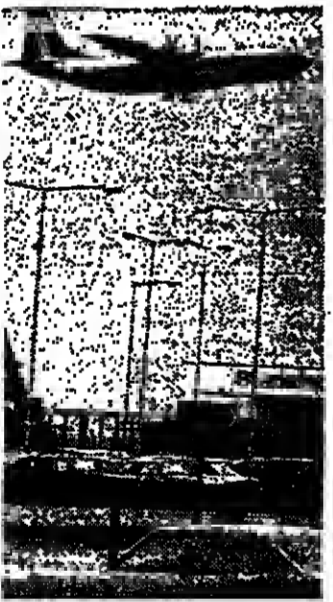
This is a description Stanstead's management prefers not to use, because both Stanstead and Luton airports have existed for many years serving the South and East Angles as well as the London area, while Heathrow and Gatwick have been the number one and number two London airports.

The title "third airport" also has associations with the contentious planning applications to build a new airport for London - plans going back decades that included several greenfield sites proposals and the ambitious Maplin Sands project for an airport on reclaimed land off the Essex coast.

In terms of the political and planning process there can be no doubt that Stanstead is London's third airport. It was the site chosen for raising passenger capacity in the London area, after battles between airport planners, successive Governments and environment and amenity pressure groups.

The Government's 1985 White Paper gave the former British Airports Authority planning permission for expansion on the site of the existing airport so it could handle 15m passengers a year, and a possible eventual capacity of 25m. This compares with capacity of 1.5m to 2m passengers a year at the existing airport.

The crucial point about the decisions embraced by the White Paper is that Stanstead's development to 15m passengers a year is to be carried out in phases. The first phase allows expansion to 8m passengers and 70,000 air



transport movements (landings and take-offs) a year and this is proceeding on schedule. The airport management expects about 10,000 people to be employed there when this has been completed.

Mr Colin Hobbs, head of marketing for Stanstead Airport Limited, the company which owns and operates the airport under the BAA plc holding company, explains that the Stanstead management must go back to the Government for formal approval to increase the airport's capacity to the maximum under present proposals of 15m passengers annually.

At the moment, the airport is operating at a rate of about 75,000 passengers a year through its existing terminal. This excludes the considerable amount of business aviation and cargo activity.

This business air travel is exemplified by the private air operations of Ford of Europe. Last year, Ford carried 70,000 passengers to and from Stanstead airport, using its BAC-111 aircraft. This takes the overall total of passengers handled at Stanstead to almost 800,000.

Overall, the airport had an annual growth rate of nearly 30 per cent last year. This compares with 18.8 per cent for the South East as a whole.

Air transport movements rose by 25 per cent at Stanstead, to 30,000 movements last year, again a rate of increase much higher than that for the South East airports as a whole, as recorded by BAA, at 7.8 per cent for 1987.

The airport is the home of Air UK, the regional scheduled airline, which intends to have a big presence at the enlarged Stanstead when the new passenger terminal opens in 1991. Other airlines already using Stanstead on a regular basis include Air France and Wardair, the Canadian airline.

Jersey European Airways is expected to start services from the airport in the summer. Altogether, scheduled services account for a quarter of all ser-

vice at the airport, with the rest charter flights and business jet services.

The aim of Stanstead's management is to raise the scheduled services to 40 per cent of the total, with charter taking the balance.

One recent disappointment to Stanstead was the collapse of Highland Express, the small scheduled air service to the River Randolph Fields, who helped launch Virgin Atlantic Airways. This cost the airport an average of 300 passengers a flight and four flights a week from Stanstead.

NLM, the small regional offshoot of KLM Royal Dutch Airlines, also stopped trading from the airport.

Charter airlines are expected to make their biggest ever impact this summer, when they plan to increase capacity at the airport by about two and a half times. Mr Hobbs says the airport has taken charter traffic from Luton and Gatwick airports.

The marketing strategy for the enlarging Stanstead is to try to capture charter airlines passengers who live north of the River Thames. Stanstead's owners are content for passengers who live south of the river to fly from Gatwick.

"About 45 per cent of UK-originating holiday passengers using Gatwick start their journeys north of the Thames. All these passengers would be well advised to use Stanstead," Mr Hobbs says.

New holiday charter destinations from Stanstead this summer include Jamaica, the Dominican Republic and Florida.

The upsurge in interest by holiday charter companies in using Stanstead this summer is exemplified by the decision by Dan-Air, the London-based airline, to base two of its aircraft at Stanstead this summer. Britannia Airways intends to base one aircraft at Stanstead and Air UK Leisure intends to base two aircraft at the airport.

The basis of the new Stanstead is to be a spectacular new passenger terminal building, which accounts for about a third of the £250m expansion investment at the airport. Two hotels are to be built at the site, possibly in partnership with the BAA.

The existing passenger terminal will be used for general aviation services when the new terminal is opened.

BAA has taken considerable trouble over landscaping and pollution control, in response to the pressures of local people and environment groups at the time of the planning procedures for the Third London Airport. This work includes the planting of 250,000 new trees.

The new terminal building has been designed so that it can be "stepped" to take account of the potential for increasing the facilities to 25m passengers a year.

The initial new terminal will have two satellites, with one to be open in spring 1991 when the terminal opens and the second when demand justifies it.

Lynton McLain

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LONDON'S AIRPORTS 6



Departure lounge at Luton Airport; further expansion may be necessary to deal with peak traffic

Key departure point for charter flights north of the Thames

Luton proves it is indispensable

LUTON International Airport, 50 years old this year, is one of the essential pillars supporting the steadily rising demand for air travel in the London and South East area. Luton has a reputation as a relatively easy to get to - if you live north of the Thames - airport for holidaymakers on holiday charter flights. Holiday charters still make up most of Luton's airline business, but as Mr David Bates, the airport director, said recently: "Our charter airlines customers have gone a very long way in improving their image and in-flight service which now equals that of the very best scheduled carriers."

Luton has boomed with holiday traffic north of the Thames in the same way that Gatwick has grown south of the river, as the two main charter holiday airports in the south of England. By the end of the 1980s, the airport handled close to 2m passengers, and by the early 1970s 3.25m. The passenger terminal building opened in 1966, but it was almost immediately swamped at peak holiday times. The Government would not give permission for any expansion of the passenger terminal facilities and at one stage it was proposed that Luton Airport should close in 1980, when a long-standing commitment to a third London airport - third after Heathrow and Gatwick, but excluding Luton - looked like being realised. At one point the local council, which owns the municipal airport at Luton, erected a large maquette to handle the overflow of passengers, to much abuse, but Luton had no choice at the time. In 1978, a Government White Paper underlined the true importance of Luton as an established and indispensable part of the

London airport system. This commitment was translated into an £8m expansion programme in October 1980. The airport authorities expanded the facilities in the passenger terminal building and subsequently transformed the interior of the terminal. By 1985, Luton had spent £11m in a programme of steady expansion and improvement of the facilities and last year, the airport handled 2.7m passengers. The airport authority recently commissioned a study by Steer Davies and Gleave, consultants, to find out how charter traffic will develop into the next century and the likely demand for scheduled airline operations from Luton. The consultants found that passenger traffic could rise to 3.3m by 1992 and up to about 5m by the end of the century. Luton Airport management says that about 3.5m passengers can be handled with the present facilities, although this capacity assumes that the total number of passengers is more evenly distributed through each day and

through the year, which is not the case in practice, with heavy demand in the summer and winter months, but lower demand at other times. The airport is already busy and working near capacity at peak times of the year, especially when these coincide with delays to aircraft departures, caused by external factors such as air traffic control difficulties abroad. The likelihood is that there will probably be some overcrowding. For the airport to cope with the projected total of 5m passengers by the end of the century, further development, probably substantial, is likely to be required. To attempt to accommodate the projected increases in passenger demand for airport services from Luton, the airport authorities have plans to again extend the existing passenger terminal, build a new control tower, provide parallel taxiways for aircraft to speed arriving and departing aircraft, more apron space and other facilities. The possible developments could take five years to complete,

but at the moment Luton has made no firm decisions. Its calculations and traffic forecasts are likely to become more complex as additional airport capacity becomes available at other airports in the South. Nevertheless, despite the additional capacity that is becoming available, the growth of passenger demand for air services continues to climb. The Civil Aviation Authority commenting on a recent report to Mr Paul Channon, Transport Secretary, from the runway planning committee, which has been studying the likely demand for additional runway capacity in the South East, said studies need to start soon on how the forecast demand should be met. Luton Airport has an almost assured place in the continued growth of airport capacity in the region. It is likely to continue to serve a catchment area a good deal larger than that immediately north of the Thames, while recognising the competition that will come with enlarged capacity at Stansted, not far away in mid- Essex. Lynton McClain

Southend

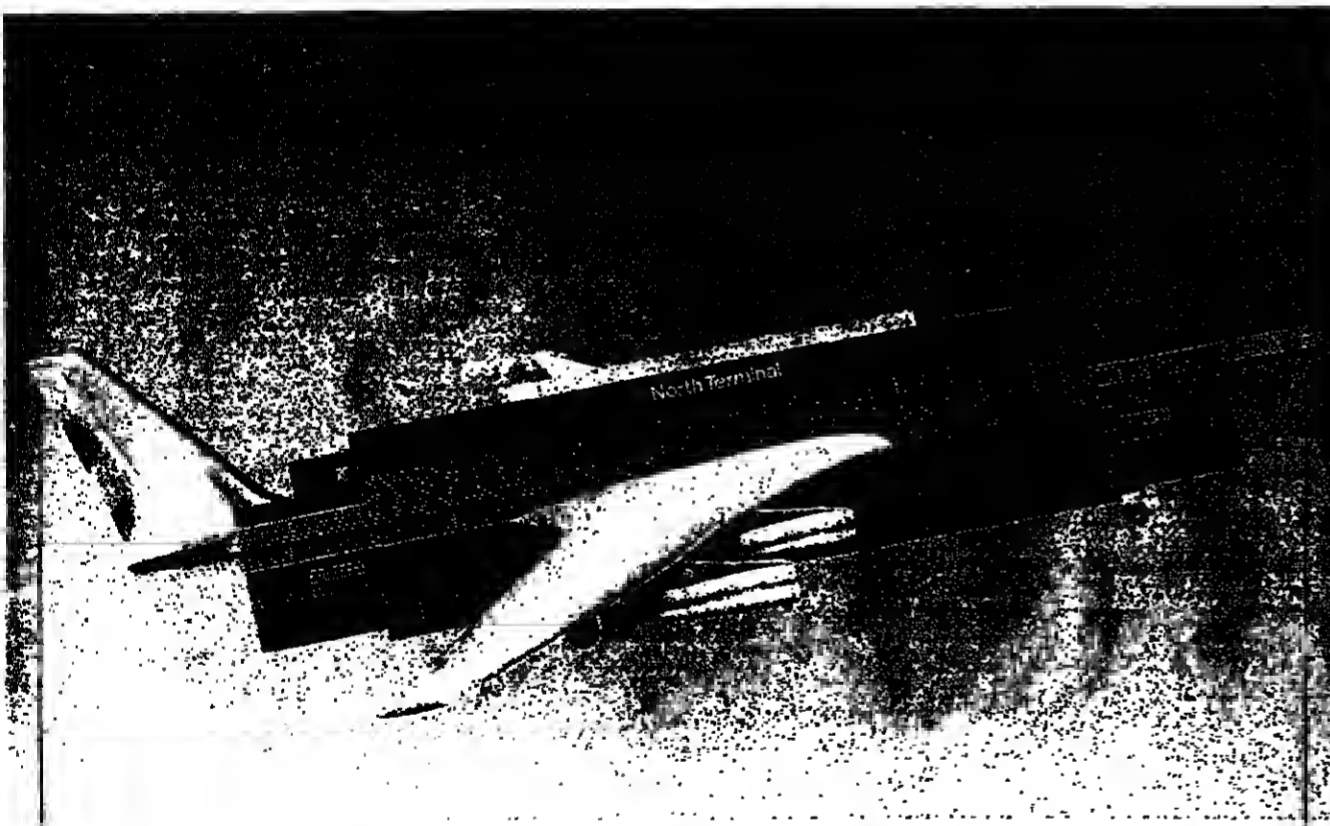
Contractor's ambitious development plans

AN AMBITIOUS plan for the future development of Southend Airport has been drawn up by Airports UK, which took over management of the airport from Southend borough council in March 1985. The proposals include, in the longer term, extending the main runway from its present 1,500 metres to 1,900 metres, and the installation of an instrument landing system. Other major parts of the plan are: development and improvement of the passenger facilities to offer an enhanced level of service; development of the freight facilities; modernising the airfield's navigation aids and other equipment; launching a marketing campaign designed to improve public awareness of the airport and improve its image. In addition, Airports UK, which has a ten-year management contract, wants to encourage new services so that traffic is increased; develop private and corporate aviation; and put the airport into profit.

Southend is busy during the night hours, with a web of freight services carrying general cargo, newspapers and mail to destinations from Dusseldorf to Jersey

Southend Airport Freight Association, to co-ordinate the development of their businesses. Courier/fast parcels services are also expanding from Southend, with overnight flights to points in Europe as far apart as Stavanger and Dublin, Copenhagen and Basel. Direct trader input from Southend into the Customs and Excise DEFS computer is due to begin this April, and is expected to lead to an increase in courier and fast parcel services through the airport. Airports UK's optimism for an expanding future for Southend is based to a large extent on the airport's considerable catchment area, which is seen to cover the whole of the county of Essex, with 1.5m people, parts of East London as far west as Enfield, Waltham Forest and Hackney, and areas south of the Thames in Kent, ranging from Bromley in the west to Gillingham and the Medway towns in the east - reached through the Dartford Tunnel. Completion of the M25 London orbital motorway has brought more distant points within reasonable driving distance of the airport, which is 40 miles east of London, a one-hour road journey, under good conditions, or 50 minutes by rail. Airports UK, which is a wholly-owned subsidiary of British Airways Services, which in turn is part of BAA plc, is also taking into account, in its long-term planning, discussions which are going on towards a third Dartford tunnel, and a project which could cost up to £80m and which would improve access further. Southend's future inevitably will be overshadowed by the development of Stansted, further north in the same county, as London's third airport, while it will have to compete for passengers to some extent with the new London City Airport, in Docklands. But there seems to be no reason why Southend should not continue to prosper in some development as one of London's friendly, local airports, offering specialised services in the scheduled passenger, charter passenger, freight and business aviation sectors. Arthur Reed

Mærsk Air to Billund. This carried a total of 24,500 passengers during 1987, an increase of 9.6 per cent over 1986. Mærsk brings its passengers down to Southend by rail from Liverpool St Station, London, where it has a lounge and attendant staff. Other scheduled services operating out of Southend this year include National Commuter Airways/Sabena to Brussels, and the British Air Ferries, under the title Euroskyhop, to Amsterdam, via Ostend. New services planned are: Euroskyhop to Frankfurt, by way of Ostend, Regionalair to Rotterdam, and National Commuter Airways to Paris. Charter flights operate out of the airport to various foreign holiday resorts including the Algarve in Portugal, Malta, Malaga on the Spanish Costa del Sol, Palma Majorca, and to the Channel Islands. An extensive charter programme to Jersey and Guernsey for this summer was announced in February, with six flights to be operated on Saturdays by Brymon Airways, using Boeing/De Havilland Canada Dash 7 turboprops, and a Wednesday flight by National Airways, with a Shorts B30. Viv Oliver, director of the airport, says: "Jersey and Guernsey will have always been popular destinations from Southend, and I am delighted to see our operators working with us to continue developing these routes." Southend is a busy airport during the night hours, with a web of freight services carrying general cargo, newspapers, and mail to destinations ranging from Dusseldorf to Bastia, from Jersey to Liverpool. There are 12 freight agents on the airport, and they recently joined together, as the



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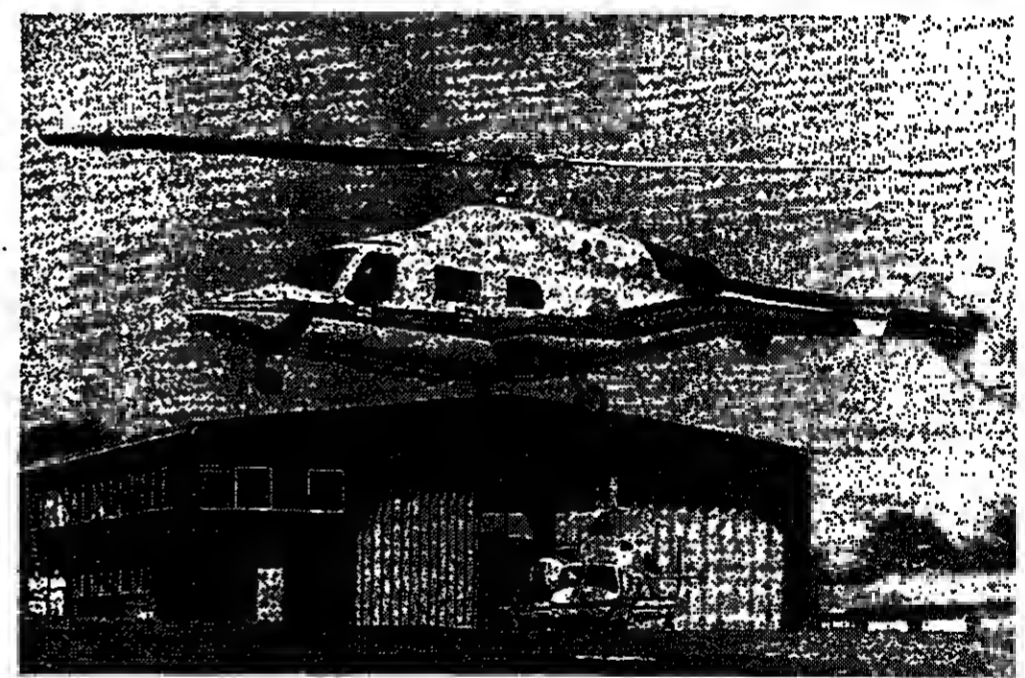
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IN THE continuing debate about the provision of future airport capacity for London and the South-East, one sector of aviation has been given only limited consideration so far and indeed has been subjected to what many in civil aviation regard as an unreasonable degree of hostility on the part of planning authorities and environmental groups. Helicopter operations, although small by comparison with the volume of fixed-wing aircraft operations, nonetheless offer a significant back-up to airport operations. However, the use of helicopters for such purposes as connecting with scheduled and business flights has been heavily restricted in the South-East and particularly the London area. A long campaign of environmental objections, principally against noise but also on safety grounds, has severely limited the number of helicopter operations in the London area. Where helicopters are used for such work as police surveillance, they are based outside the main London built-up area. A number of the helicopter sector's difficulties are of its own-making. Some helicopters are noisy, and some operators, either company or private owners, are not always as meticulous as they could and should be in respecting the interests of those living or working beneath their flight paths.

Moreover, while most members of the public are ready to accept the use of helicopters for manifestly visible socially beneficial roles - search and rescue, emergency ambulance and police work, for example - most are less inclined to accept their private use of the helicopter for wider industrial and commercial purposes is either necessary or even desirable. This stems from the "charman's toy" or "playboy" image which has plagued the entire arena of general aviation for many years. The greatest use of helicopters in the UK remains in the support of North Sea oil and gas operations. Indeed, those offshore operations could hardly have been developed so rapidly if the helicopter had not been available. However, it is the business community which makes the greatest personal use of helicopters, since these aircraft provide swifter transport to and from city centres for industrialists and business users, enabling them to achieve much more in a day than they might otherwise be able to do. Because of the restrictions on their use, particularly in the London area, there are few "helicopters" as such in the UK, fewer still in city centres, and apart from the British Airways' Penzance-Selly Isles route no regularly scheduled passenger helicopter services. The only other such service, the Gatwick-Heathrow helicopter link, was cancelled by the Government for both environmental reasons and the debatable argument that with the opening of the



A police helicopter takes off from its Essex base

Helicopters

Powerful restrictions

M25 motorway this air link was unnecessary. The service had been run for some time with considerable success jointly by British Caledonian Airways on behalf of the British Airports Authority, and its termination in 1986 - despite a recommendation from the Civil Aviation Authority that it should be allowed to continue, cost BAA an estimated loss of £4m revenues annually. More significantly, the success of the environmental objections to the service has not only effectively discouraged any attempts by other helicopter operators to create a regularly-scheduled inter-airports link in London, but has also established a precedent against the likelihood of any such link, even when Stansted Airport's new terminal comes into use in the early 1990s. Any attempt to establish such a future link, no matter how desirable it may be in passengers' interests, would be bound to face a formidable environmental opposition that in turn will inevitably cite the Gatwick-Heathrow case as a reason for not allowing such a service. It will be difficult for any future Secretary for Transport to ignore the decision of his predecessor in London. London itself is the only regularly-functioning airport in that developed by Westland, the helicopter manufacturer, beside the River Thames at Battersea, which has been operating for many years. It is now close to saturation, however, and subject both to strict environmental controls on its operations and to

small degree of environmental hostility. A temporary experimental "helicopter" on a barge moored in the River Thames close to Southwark Bridge, at Trinity Lane in the City, was discontinued over a year ago, partly because of strong local environmental objections but also because of the development close by of the new buildings for the City of London School. No further site has yet been found for it. Efforts to find a suitable permanent base for helicopters close to Central London have been largely negated, again by environmental objections - notably a plan for a heliport on the side of the river at Bermondsey - while helicopters are banned from the newly-built London City Heliport in Docklands. The effect of all this is that whereas other major cities overseas have city-centre heliports - Paris has Issy-les-Moulineaux while New York has one in Manhattan - London effectively has only the overcrowded Battersea heliport and nothing close to the centre of the City of London itself. As a result, the helicopter operators are finding it increasingly difficult to serve London in an adequate fashion. One major helicopter operator stresses: "London is the only major capital city in the world without proper facilities for helicopters. Many overseas business visitors comment forcibly on the inadequacy of our facilities. We are already losing money and opportunities because our

archaic restrictions on helicopters, and attitudes to their use prevent the senior management of our successful companies from operating as flexibly as they would like." So far as London itself is concerned, current thinking about a new helicopter base is concentrated on the possibility of siting a new heliport over the Cannon Street railway bridge over the River Thames, where the noise of the aircraft landing and taking off could be expected to be masked substantially by the noise of trains. The estimated cost of such a development, which still has a long way to go before final acceptance, is about £20m, with some £120,000 already spent on the feasibility studies. On the assumption that planning consents will take up to a year to achieve, together with a further two years for construction, such a heliport could be in operation by the early 1990s, relieving the congestion at Battersea and ensuring a site for rotary-winged flight in Central London through to the next century. Progress on the Cannon Street project is necessarily complex and long-drawn out because of the number of different authorities whose interests have to be considered - such as the City of London Corporation, British Telecom, British Rail, Port of London Authority, the Civil Aviation Authority and others. Michael Domes